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# USSR Report

PROBLEMS OF THE FAR EAST

No. 4, Oct-Dec 1982

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1 July 1983

# USSR REPORT

## PROBLEMS OF THE FAR EAST

### No. 4, Oct - Dec 1982

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language journal PROBLEMY DAL'NEGO VOSTOKA published quarterly in Moscow by the Far East Institute, USSR Academy of Sciences.

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## SUCCESS OF SOVIET NATIONALITIES POLICY LAUDED

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[Article: "Triumph of Leninist Policy of Internationalism"]

The historical experience gained by the Soviet Union demonstrates that the nationalities question—a cardinal problem of our day and age—can be resolved only after implementing socialist transformations and on the basis of the principles of proletarian internationalism.

Proletarian internationalism is the ideology of the international proletariat since it expresses the latter's interests at all stages of its struggle and development up to the establishment of a classless society. Proletarian internationalism expresses the internationalist essence of the working class, inasmuch as it is the only class, whose interests and requirements in a given country do not run counter to the interests and requirements of the working class in any other country, and this is the only class which, as far as its objective characteristics are concerned, is interested in democratically organised relations between countries and nations, in their cooperation and equality and, consequently, expresses most consistently the needs of humankind. Lenin emphasised: "We are opposed to national enmity and discord, to national exclusiveness. We are internationalists."

The experience gained during the six decades of the creative endeavour by the working class and the working people of all nations and nationalities of the Soviet Union is graphic and ample evidence of the true nature of the scientific foresight by Marx, Engels and Lenin, and convincing confirmation of the rightness of the millions of selfless fighters for communism and for worldwide fraternity. Lenin and the Bolsheviks proved the exceptional role of that principle in organising workers' movement and the party construction. Lenin taught that the party itself should act as a single, centralised and militant organisation relying on the entire proletariat irrespective of differences of language and of nationality. It should be consolidated through constant solution of theoretical, practical, tactical and organisational questions.<sup>2</sup>

A resolution of the CPSU Central Committee pointed out: "The 60th Anniversary of the USSR is a remarkable event in the life of the Soviet people, evidence of the triumph of the Leninist nationalities policy of the CPSU, and of the historic achievements of socialism. This glorious jubilee presents the Soviet Union before the whole world as a friendly family of equal republics jointly building communism. The socio-political and ideological unity of our society is monolithic. The cohesion of the

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<sup>1</sup> V. I. Lenin, *Collected Works*, Vol. 30, p. 293.

<sup>2</sup> See V. I. Lenin, *Collected Works*, Vol. 7, p. 122 (in Russian).

Soviet people to their Communist Party, the Central Committee is unbreakable."<sup>3</sup>

Lenin has made an invaluable contribution to the elaboration of the theory of nationalities question under imperialism and during the transitional period from capitalism to socialism. Lenin was the first to substantiate the conclusion that a real solution of the nationalities problem is impossible without the social revolution of the proletariat, and without the merger of the revolutionary struggle waged by the working class and the national liberation movement of the oppressed peoples into a single current. Thus, the success in solving the nationalities problem in the USSR was prepared by historical substantiation and organisational work, as well as by the elaboration of the Leninist strategy and tactics of the party on the nationalities question. That was particularly important in a country where the policy pursued by the autocracy, big landowners and bourgeoisie of old Russia as regards the non-Russian peoples was to "kill the embryo of any statehood among them, main their culture, restrict their languages, keep them in ignorance and, finally, to Russify them as far as possible. As a result of such policy, these peoples were undeveloped and politically backward".<sup>4</sup> Complete equality of nations, the right of each nation to self-determination up to and including secession and formation of an independent state or to the association with other nations in a state federation, and the internationalist unity of the class struggle of the proletariat for socialism—such was the principal road towards the solution of the nationalities question. Lenin wrote: "Complete equality of rights for all nations; the right of nations to self-determination; the unity of the workers of all nations—such is the national programme that Marxism, the experience of the whole world, and the experience of Russia teach the workers."<sup>5</sup>

The utter selflessness of the working class, the heroic internationalist feat performed by the Russian proletariat which has translated into life Lenin's ideas and instruction of the Leninist party have brought about a powerful upsurge of historic energy and unprecedented results, served as the foundation for the setting up of complete mutual confidence and accord among nations, excluded all forms of inequality in national relations, and fused the revolutionary enthusiasm of the proletariat and the broadest striving of the peoples for national equality and freedom.

Thus, the formation of the USSR on December 30, 1922 was a result of the fusion of the Marxist-Leninist provisions on the nationalities question and the immediate experience of the struggle and cooperation among the peoples of Russia in the course of the revolution and the civil war.

The voluntary association in the Union of Republics and the creation of relations of friendship among peoples—the most important motive force of Soviet society—made it possible to attain juridical, political and then actual equality and to carry out the allround development of nations and nationalities of the USSR.

The single process of the solution of the nationalities question and of socialist construction resulted in the formation of free socialist nations and nationalities united, not only due to common territory, language,

<sup>3</sup> *On the Sixtieth Anniversary Since the Formation of the Union of Soviet Socialist Republics. Resolution of the CPSU Central Committee of February 19, 1982, Moscow, 1982, p. 3 (in Russian).*

<sup>4</sup> *CPSU in Resolutions and Decisions of Congresses, Conferences and Plenary Meetings of the Central Committee, Vol. 2, pp. 251-252, Moscow, 1970 (in Russian).*

<sup>5</sup> V. I. Lenin, *Collected Works*, Vol. 20, p. 454.

culture and economic organisation, but also to their socio-political and ideological unity. Socialist national relations characterised by cooperation, mutual assistance, equality, friendship among peoples, organic unity of the national and the international in the lives of the peoples took shape. All this created conditions for a continuous and unswerving progress of the peoples, and warded off the danger of their lagging behind, of their isolationism and defencelessness.

In the economy socialist construction led to the formation in each republic of an industrial base and large-scale mechanised agriculture and paved the way towards what was predicted by Marx to be a harmonious national and international coordination of the social forms of production.<sup>6</sup>

The solution of the nationalities question in the socio-political sphere brought about the creation of uniform social structures in the republics, the development of the working class as the major social force leading towards the rapprochement between nations, and the formation of socialist peasantry and the people's national intelligentsia. Thus, a socialist multinational statehood meeting the interests of each nation and the Union as a whole emerged.

The cultural revolution and socialist transformations in the cultural life have brought about striking changes. A socialist system of values and institutions took shape within each nation; more than fifty peoples received their written and literary language; each republic set up large creative collectives, scientific associations, and a system of higher and secondary special education. Scientific and cultural achievements became of national, and in many cases even of international importance. A Soviet culture, uniform in its socialist content and diverse in its national forms, took shape, and the process of mutual enrichment of cultures was under way.

Positive changes also occurred in the destinies of the peoples. Some of them were saved from becoming extinct, while others gave up inter-ethnic strife. New aspects of the cultural life of Soviet people—Soviet patriotism and socialist internationalism—were developing.

The leading and guiding role of the CPSU in national relations became a decisive factor determining the progress of the Soviet people and a reliable guarantee of the unity of Soviet national and international interests. The Leninist nationalities policy based on the principle of the proletarian and socialist internationalism won a final victory.

The revolutionary transforming activities of the peoples, which, under the guidance of the Communist Party, rallied into the Union of Soviet Socialist Republics, resulted in the building of a developed socialist society. Mature socialist social relations have been established in the USSR and the task of evening out the levels of economic development of Soviet republics has been, in the main, solved. A new historical entity of people—the Soviet people—has been formed. This entity is based on the inseparability of the historical destinies of Soviet people, on far-reaching objective changes, both material and cultural, and on the unbreakable union of the working class, the peasantry and the intelligentsia. The entity is a result of the growing internationalisation of economic and social life, of the development of socialist nations in the USSR, between which the relations of genuine equality, fraternal mutual assistance, cooperation, respect and reciprocal trust have taken shape.

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<sup>6</sup> See K. Marx and F. Engels, *Works*, Vol. 17, p. 553 (in Russian).

All radical changes in the life of socialist nations and nationalities of the Soviet Union were reflected and formalised in the new Constitution of the USSR, the Constitution of the developed socialist society.

The further allround drawing closer together of Soviet peoples is the principal trend in the development of relations among nationalities in the USSR. It provides for growing consolidation of the Union of Soviet Socialist Republics. Neither automatic nor spontaneous, this process is provided for by the Marxist-Leninist nationalities policy of the Communist Party of the Soviet Union which is a united international organisation itself.

Successfully developing is the united economic complex of the USSR—the material foundation of fraternity and friendship among the peoples which jointly solve the key problem of overall economic progress, i.e., the task of intensifying production.

The CPSU has been unswervingly pursuing the policy of developing material and cultural potential of the republics and its internationalist utilisation with the aim of ensuring the harmonious and integral progress of the national economy.

The public ownership of the means of production, primarily the property of all people, as well as centralised planning made it possible to rationally distribute the productive forces, ensure freedom for economic manoeuvring, a deeper socialist division of labour and specialisation and cooperation of production among republics. The integration of economic potentials and resources of all republics accelerates the development of each of them. An integral development of the economy is all the more important in the Soviet Union, a country 56 per cent of the territory of which is in the northern non-cultivated zone, 15 per cent is covered by the deserts of the Central Asia and Kazakhstan, in which over 50 per cent of the energy and raw material resources lie to the east of the Urals and to the north of Kazakhstan in the as yet forbidding and sparsely populated areas where the vastness of the territory complicates transportation and communications problems.

Nevertheless, the socialist system of economy, the internationalist cooperation of nations and nationalities of the USSR has produced amazing results and convincingly refutes the fabrications of anti-communists that the socialist economy is "inefficient". The volume of industrial production in the USSR for sixty years increased by 537 times, including the RSFSR—501, the Ukraine—289, Byelorussia—729, Uzbekistan—428, Kazakhstan—928, Georgia—304, Azerbaijan—144, Latvia—47, Lithuania—63, Moldavia—973, Kirghizia—711, Tajikistan—902, Armenia—1,036, Turkmenia—209, and Estonia—50 times. (The data on the Baltic republics are compared with the 1940 level.) These facts testify to the results of the socialist management, the processes of bringing closer together the levels of the economic development of the republics, the results of applying the principle of the socialist internationalism in the economy.

The Soviet Union was witnessing a mass movement towards a worthy celebration of the 60th anniversary of the USSR. The socialist emulation between labour collectives of republics, regions and cities has assumed new internationalist forms, including the discharge of the internationalist duty concerning timely and high-quality interrepublican deliveries, the movement under the slogan "Sixty Shock Labour Weeks for the 60th Anniversary Since the Formation of the USSR" and so on.

The new stage in the development of the Soviet Union puts on the agenda new tasks and requires new solutions, first of all the maxi-



imum use of the material and labour resources of each republic in intensifying production in the USSR as a whole. Today further progress of society and the growth of the people's well-being depends primarily on the complex character of the solutions and on collective efforts of all republics. This also refers to the development of the energy and raw material resources of Siberia, the Soviet Far East and the northern part of the RSFSR so as to place these regions at the service of all the peoples of the Soviet Union. It also relates to the accelerated development of agriculture in Russian Non-Black Soil area which affects the economic and social progress of the USSR. Joint social practice and the achievement of common objectives is a sign of the Soviet way of life and a factor of the further drawing closer together of the peoples and the consolidation of their friendship.

There is a very important aspect in the development of nations: the problems of improving socialist democracy in the sphere of national relations. Soviet experience has corroborated the immense vitality of the Leninist principles of organising multinational Soviet statehood. The organic interlink of socialist federalism and democratic centralism guarantees the peculiar interests of nations and nationalities, as well as the sovereign rights of the republics, providing for an enhancement of their role in resolving nationwide problems, blocking the way to regional and national isolationism, and guaranteeing common interests of the fraternity of Soviet peoples.

The achievements of the Soviet people show that the development of socialist democracy leads to greater cooperation between and mutual enrichment of nations and nationalities of the USSR and to the intensification of the federative principles of Soviet society. Article 70 of the Constitution reads: "The USSR embodies the state unity of the Soviet people and draws all its nations and nationalities together for the purpose of jointly building communism." It is precisely socialist democracy that consistently expresses the very essence of democracy, i.e., the organisation of social intercourse, freedom of public activities, including in the sphere of national relations. Life itself has fully confirmed Lenin's conclusion that "big states afford indisputable advantages, both from the standpoint of economic progress and from that of the interests of the masses..."<sup>1</sup>

At the same time, on the basis of broader ties and integration processes in the economy the contribution of each republic to the common cause of communist construction is growing. This demands a more clear-cut distribution of functions at a republican level. The legislative initiative of union republics, their independence and responsibility in solving different questions are developing steadily.

The enrichment of the cultural life of Soviet society, the growth of its diversity, and a "new tidal wave" in Soviet multinational art is ample evidence of the unswerving cultural progress of the Soviet peoples. There are, on the average, 833 citizens with higher and secondary (complete or incomplete) education in the USSR per each one thousand people employed in the national economy.

The ideological and political cohesion of the nations and nationalities of the USSR has been enhanced, this finding its expression in a single internationalist culture of the Soviet peoples. This new culture absorbs everything important from the achievements and traditions of the national cultures. This is why it is more open, broader and more multi-faceted

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<sup>1</sup> V. I. Lenin, *Collected Works*, Vol. 22, p. 146.

than each of them taken separately. It is capable therefore of concentrating in itself all the progressive and humanistic features created by world culture, and of absorbing it to make this the property of national cultures. In this way the bright diversity of the cultural life of different nations and nationalities forms the unity of culture of the Soviet people: the culture is enriched by new features, the good, age-old traditions are restored, and everything that has become outmoded and obsolete is discarded. The cultural life of society and its progress are inconceivable without that process. The internationalist nature of Soviet culture safeguards us against cultural isolationism which dooms nations to spiritual stagnation, and against illusory attempts to describe the past as a "golden age".

Under the conditions of developed socialism, the role of the leading, guiding and organising activities of the CPSU in the development of Soviet nations and nationalities and in the strengthening of their fraternal alliance is constantly growing. This role is an expression of an objective regularity, a *sine qua non* and guarantee of the progress of the multinational Soviet society.

The Soviet Communist Party keeps a watchful eye on the new processes and problems in the sphere of national relations, and ensures timely and complete reflection of these questions in the activities of the Party, trade union and YCL organisations, and economic bodies. The strict observance of the scientific principles of leadership, the Leninist style of work and the Leninist cadre policy is the true means for the implementation of that task. The CPSU has been consistently working out the main directions of its national policy at the new stages of life of the developed socialist society.

The role of the CPSU in the internationalist and patriotic education of the working people, its function as a scientific centre developing the Marxist-Leninist theory of the nationalities question and also its struggle against the bourgeois and revisionist falsifiers of the nationalities policy is growing. The constant enrichment and improvement of internationalist and patriotic education constitutes the principal condition for an accelerated building of communism. The Party organisations closely tie in the improvement of the internationalist and patriotic education with the solution of the socio-economic tasks of the republics and the USSR as a whole.

The building of socialism and communism in the Soviet Union resulted in the formation of a new historical type of personality—the Soviet man. Sociological surveys have shown that the rejection of national narrow-mindedness represents his characteristic feature. For the Soviet people it is human, spiritual, ideological and professional qualities that matter, rather than the nationality of the people with whom they deal in the course of labour and everyday life. This property is both the result and the firm basis of the immense vitality of the proletarian socialist internationalism in Soviet society.

▲ This is why the attempts by bourgeois and reactionary centres of anti-communist propaganda and "psychological warfare" against the USSR, "addressed" to the constituent republics and aimed at enlivening nationalism and chauvinism, frustrating friendship among our peoples and the deformation of the Soviet people as an historical and internationalist entity are doomed to failure.

The report of the CPSU Central Committee to the 26th Party Congress stressed in part: "The CPSU has fought and will always resolutely fight against such attitudes alien to the nature of socialism as chauvinism or nationalism, against any nationalistic aberration, be it, say, anti-



Semitism or Zionism."\* The success of that struggle is ensured by many factors, including the scientific basis of patriotic and internationalist education; the historical experience gained by the CPSU in the nationalities policy; the single system of the mass media and of bodies and organisations engaged in ideological and educational activities on the basis of Marxism-Leninism; the interests of the working people of all the nationalities of the USSR who are against national strife, national arrogance and national nihilism. The immense vitality of proletarian internationalism lies in its genuinely popular historical roots.

This is what the CPSU proceeds from in setting down main directions of its nationalities policy:

- indefatigable consolidation of Leninist friendship between the peoples of the USSR, and effective contribution to the process of consolidation and development of the Soviet people as a new historical entity;

- consistent implementation of the line towards further material and cultural development of each republic with simultaneous maximum use of their potentials for a harmonious development of the entire country;

- concentration of efforts by the working people of all nations on the solution of the key economic problem, i. e., intensification of production and enhancement of the efficiency of the entire economic complex;

- the strengthening of the Union of Soviet Socialist Republics and consistent expansion of socialist democracy;

- development of the social structure of the population in the Soviet republics having in view the establishment of a classless society;

- allround assistance to the progress of culture of every nation and nationality of the USSR, and further development of a single socialist culture of the Soviet people;

- concrete and purposeful activities towards patriotic and internationalist education of the working people, and a resolute rebuff to the campaign of slander launched by imperialism;

- a creative development of the Leninist doctrine of nations and national relations as applied to the conditions of developed socialism and gradual transition to communism.

The history of mankind has left us quite a few complex and painful problems. They can be studied scientifically and solved fairly from a revolutionary angle only on the basis of the proletarian internationalism and Marxism-Leninism. It is this basis that has created a historical opportunity which enabled the peoples to wage a struggle for taking their destinies in their own hands, and to rid national relations from coercive assimilation and genocide, colonialism and different forms of dependence, inequality and backwardness. For the first time this was translated into life by the October Revolution and the Soviet people on an internationalist basis and in connection with the resolution of social problems. Lenin stated: "A socialist Soviet Republic in Russia will stand as a living example to the peoples of all countries, and the propaganda and revolutionising effect of this example will be immense."<sup>9</sup>

Today progressive states, parties and social movements of the world are making wide use of the various aspects of experience gained by the CPSU in its political and ideological struggle against imperialism and reactionary nationalism and for genuine independence of the peoples and national rebirth.

\* *The 26th Congress of the CPSU, Documents and Resolutions*, Moscow, 1981, pp. 73-74.

<sup>9</sup> V. I. Lenin, *Collected Works* Vol. 26, p. 448.

For more than a century the communist movement has been in the vanguard of the struggle for equality among nations. This occurs because, first, national emancipation in our day and age is an aspect of the social transformation of the world, of the struggle for the future of mankind. Second, the struggle for the democratisation of the relations between nations is a crucial factor of countering the policy of imperialism directed at aggravating the international situation, and a factor of struggle against the threat of war and the extension and justification of the arms race.

Lenin noted: "Our experience has left us with the firm conviction that only exclusive attention to the interests of various nations can remove grounds for conflicts, can remove mutual mistrust, can remove the fear of any intrigues and create that confidence, especially on the part of workers and peasants speaking different languages, without which there absolutely cannot be peaceful relations between peoples or anything like a successful development of everything that is of value in present-day civilisation."<sup>19</sup>

Imperialism has always regarded nationalism and chauvinism as a tool of spiritual enslavement and of blinding peoples, as an ideological counterbalance to the communist ideas. The incitement of the Israeli aggression and atrocities in relation to Lebanon and the Palestinian people, gross interference of imperialists in the domestic affairs of Poland, Afghanistan, Kampuchea and some African and Latin American countries constitute recent cases in point. Such is the nature of the militarist campaign for the resumption of the cold war and intensification of the arms race, covered by the artificial chauvinistic hysteria in connection with the alleged military inferiority of the USA, the "Soviet menace", and so on. It is on this "basis" that imperialism is intensifying its struggle against the national liberation movements to preserve the control of the monopolies over the economies and resources of the developing countries. Under conditions of a crisis within the capitalist economy, US imperialism is intent to expand its "national" interests—"vital interests"—to the global scale, openly trampling upon the national interests and dignity of even those whom it calls its allies. This is seen from the US interference in the economic contacts between Western Europe, on the one hand, and the USSR and other CMEA countries, on the other, the desire of the USA to hold back its allies from world resources, to impose on them its political and economic diktat, and selfishly exploit their economic difficulties.

The exacerbation of the nationalities question in the industrially developed capitalist countries, which is an element of a further aggravation of the general crisis of capitalism and a result of the intensification of social and national oppression inherent in the growth of militarism, is a characteristic feature of our day. The curtailment of social programmes, greater unemployment and inflation are felt most acutely by the national minorities, as, for example, in the United States itself, where, along with the indigenous population of America (Indians), 11.5 per cent of the population (26.5 million) are Black Americans, 6.4 per cent (14.6 million) are Latin Americans, and 2.5 per cent (3.5 million) are Asians. There is no question of their representation in the government, the autonomy or real provision with economic, social and cultural rights either at the community or personal level.

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<sup>19</sup> *Ibid.*, Vol. 33, p. 386

The struggle for the preservation of national sovereignty, for the rights of national minorities, and against the barbarous policy of the bourgeois civilisation<sup>11</sup> is increasingly becoming a component of the entire system of the social problems of capitalism, and, in the final analysis, fuses with the tasks of a socialist remaking of social relations.

The formation and successful development of the USSR is of everlasting international significance. It constitutes a key historical stage in the age-old struggle of progressive humanity for equality and friendship of peoples, for a revolutionary renovation of the world, for the solving of acute problems, including nationality issues, inherited from capitalism, which the latter is seeking to establish both as a reality and a principle. Today "there is no country or group of countries and no ideological or political school that has not felt the influence of socialism to one extent or another".<sup>12</sup> In our day and age, even imperialism is forced to reckon with socialism in the relationships among peoples and in social relations. All attempts to overcome and break up this influence, which the ruling quarters of the USA and its closest allies are aggressively trying to make, are doomed, inasmuch as new international relations are no longer an ideal, but a firm historical reality. Socialist international relations between sovereign and equal states brought together by the community of vital interests and aims, by the Marxist-Leninist ideology, and tied by the bonds of comradely solidarity, mutual assistance, and allround cooperation, are developing. These relations have been embodied most graphically in the socialist community where, like in the relations between the peoples of the USSR, the proletarian internationalism has developed into socialist internationalism.

Socialist internationalism means:

- development of allround economic cooperation and mutual assistance, the implementation of a comprehensive programme of socialist integration, coordination and dovetailing of economic policies of the fraternal countries and peoples;

- purposeful cooperation, which includes exchange of experience in the strengthening of political unity and cohesion of countries of the community, the development of socialist democracy, the elaboration of a concerted foreign policy line and defence policy of the fraternal countries in the interests of peace and towards a constructive solution of international issues;

- consolidation of ideological community of the parties and peoples of the fraternal countries, collective enrichment and development of the Marxist-Leninist theory, the educating of the working people in the spirit of the proletarian internationalism, implacability to nationalism, and counteraction to imperialist ideological subversions.

A further consolidation, development and introduction into social life of the principles of socialist internationalism is ever more urgent because it is not only the socialist reality that is developing, but also the subversive activities of the reactionary forces which are striving to incite national strife and cultivate archaic prejudices.

Imperialism is improving methods of ideological and "psychological" warfare against socialist internationalism, going out of its way to speculate on the difficulties encountered in the course of the development of world socialism. However, these latest subterfuges suffer a fiasco when-

<sup>11</sup> See V. I. Lenin, *Complete Works*, Vol. 35, p. 222 (in Russian).

<sup>12</sup> *The 26th Congress of the CPSU, Documents and Resolutions*, Moscow, 1981, p. 103.

ever the principles of socialism are translated into reality unswervingly, creatively and consistently. Imperialists may stand to gain only when in addition to a combination of objective economic or geographic, historical or present-day problems there emerge miscalculations of subjective nature. Imperialism particularly "appreciates" any violations of the political practice, foreign economic activities, or the principles of the proletarian socialist internationalism. As was pointed out in the decision of the CPSU Central Committee, life shows how vital it is for the ruling Communist Parties to consolidate their ties with the masses, pursue well-balanced realistic policy, educate the working people in the spirit of internationalism, strengthen solidarity with the fraternal states, give a timely and fitting rebuff to the enemies of socialism, and avert situations in which alien, anti-socialist forces may become active, and stop all the "slots" where counterrevolutionaries may hide themselves. The emergence of such situations is in no way inevitable. The loyalty to the principles of the socialist internationalism and Marxism-Leninism which opened up boundless possibilities for social endeavour serves as reliable basis for the socialist development, effective combination of national and internationalist interests, a collective resolution of contradictions and difficulties taking shape in the course of building a new society or under the influence of the international conditions in which socialism is developing. The system of institutions of the international socialist cooperation, which embraces all spheres of activities—economic, political, military, diplomatic, scientific, cultural, ideological and theoretical—serves reliably to the community.

The CPSU has consistently pursued a policy towards consolidating the socialist community, bringing closer together the socialist system on the basis of the principles of the proletarian socialist internationalism. The fidelity of the Leninist Party to the principles of revolutionary solidarity, its readiness to assist the peoples which are threatened by or actually subjected to imperialist aggression, or interference in their internal affairs, have been demonstrated more than once. The goodwill and the sense of internationalist responsibility of the CPSU and the Soviet state displayed in relations with other countries of the socialist system, in particular the readiness to normalise relations with the People's Republic of China on a just and equitable basis, are well-known.

The nationalities policy of the Marxist-Leninist parties in each country is being concretely realised in conformity with the internal peculiarities and the history of this particular country. Experience shows that any violation of the principles of socialist internationalism within a country engenders nationalistic deviations in international relations.

The CPSU and other fraternal parties have consistently advocated the consolidation of solidarity of the socialist community with all the contingents of the international communist, working-class and national liberation movements.

▲ A consistent and undeviating struggle of the communists for peace, against the aggressive policy of imperialism and the arms race spurred on by the imperialists that brings a threat of nuclear disaster to peoples, the struggle for the genuine interests of the working class and working people of their countries, for democracy, peace and socialism, i. e., the implementation by the world communist movement of its internationalist mission serves as a powerful factor for the further cohesion and growth of the prestige of the world communist movement.

Against the backdrop of an aggravated international situation caused by the policy of imperialism, above all US imperialism, of paramount



significance to the destinies of mankind is an active implementation of the Leninist strategy of peace upheld by the CPSU and the Soviet state from the positions of the proletarian socialist internationalism. The Peace Programme for the 1980s, worked out at the 26th CPSU Congress and supplemented by subsequent initiatives by the Soviet Communist Party, points to realistic and constructive ways leading to a lessening of the threat of war, expansion of detente, broader cooperation between states belonging to different social systems, and the resolution of complex world issues along the lines of honourable and equitable negotiations rather than on the road of confrontation. The CPSU regards such a policy as the discharge of its internationalist duty and the ensurance of the interests of all peoples the world over.

The Soviet Union imposes no patterns and "models" of a state system which ignore the peculiarities of any individual country. It has exerted growing influence on the course of history by its very existence, the practice of the new type of socialist international relations by force of example in resolving the most complex problems which capitalism is unable to cope with. It is common knowledge that socialism cannot be attained by evading the general regularities discovered by Marxism-Leninism, confirmed by Soviet experience and by that of the countries of real socialism, by the internationalist practice of the revolutionary struggle and socialist creative activities. Neither can there be any successful movement toward socialism without taking an overall account of the national specifics of each country.

The nationalities question has its own specifics in different countries. At the same time, the experience of the USSR and other socialist countries, sufficiently many-faceted and universal is a valuable aid in most diverse conditions.

On the basis of that experience and of the principles of proletarian internationalism, the USSR and the fraternal socialist countries are developing cooperation with the national liberation movement of Asian, African and Latin American peoples.

The triumph of the Leninist principles of proletarian internationalism makes itself felt graphically in the following features

First, they were theoretically developed and practically implemented in the principles of socialist internationalism and in the genuine solution of the nationalities problem.

Second, on the basis of these principles, there emerged socialist international relations exerting growing influence on the entire system of international affairs.

Third, the implementation of these principles in the sphere of relations between socialist and young developing states has served as an important factor in the strengthening of the forces of peace and in accelerating social progress in the contemporary world.

Fourth, these principles have been embodied in the invincible trend towards setting up a new system of international relations, and in the real process of international detente.

The experience of the contemporary epoch has convincingly reaffirmed the immense topicality and deep vitality of the Leninist principles of proletarian internationalism which is an important aspect of Marxism-Leninism, and a guarantee of the successful implementation of the ideals of freedom of peoples and social justice.

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## GREAT OCTOBER REVOLUTION AND DEVELOPMENT OF REVOLUTIONARY MOVEMENT IN CHINA

Moscow FAR EASTERN AFFAIRS in English No 1, Jan-Mar 83 pp 14-22

[Article by R. A. Mirovitskaya, candidate of historical sciences]

World developments have corroborated anew the never fading significance of the triumph of the Great October Socialist Revolution and its experience.

The Great October Socialist Revolution exerted a tremendous revolutionising impact on the destinies of the peoples throughout the world, including the entire course of the national liberation movement of Asian, African and Latin American peoples, facilitating a more rapid elimination of the system of colonial enslavement. The truly historic fact, i. e., the collapse of the colonial system of imperialism in its "classic" forms by the 1980s is a law-governed result of that process.

While celebrating the 65th anniversary of the October Revolution, we again turned to the first post-October years, the period of the general upsurge of the national liberation movement in countries of the East, including China.

The far-reaching ideological influence exerted by the October Revolution on China and on all major currents of the liberation movement of the Chinese people during the first post-October years was determined by the specifics of socio-economic development and the peculiarities of the liberation struggle in that country. It is common knowledge that for a long time the progressive leaders of the Chinese nation, though without any success, were searching for a way which would take semi-colonial and semi-feudal China out of backwardness and poverty, though both thinkers and practical revolutionaries in China of that period had rather a vague idea of the future ideal of China.

The Great October Socialist Revolution triumphed in Russia. Moreover, it succeeded in safeguarding itself by routing imperialist intervention and defeating domestic counterrevolution. It was only natural that progressive public in China, as well as in other countries met this event with keen interest. According to Qu Qiubo, one of the first Marxists in China, the attention of the Chinese public was attracted to the "tremendous din produced by the collapse of the old society ...Everyone was eager to understand the essence of that revolution and get a closer acquaintance with Russian culture..."<sup>1</sup>

Most progressive people of China welcomed the triumph of the revolution in Russia. In his telegram to the Soviet government Sun Yatsen

<sup>1</sup> Qu Qiubo, *Essays and Articles*, Moscow, 1959, p. 89.

expressed the hope that the "revolutionary parties of China and Russia will unite for a joint struggle".<sup>2</sup> In his well-known articles Li Dazhao, one of the founders of the CPC, greeted the October Revolution as the "light of a new world civilisation".<sup>3</sup> In Peking University, in *Shenbao* and other newspapers he appealed for all to listen attentively to the news from new Russia which was being built on the principles of freedom and humanism, and stressed that in conditions of "slandorous campaigns" it is imperative to "study Bolshevism, acquaint the peoples with it, and tell the truth about it to the public".<sup>4</sup>

One should bear in mind that information about the Russian Revolution available in China was extremely scarce, and the reports gave a rough reflection not only of the essence, but also of the sequence of events. The Western press, which at that time was the principal source of foreign information, repeatedly predicted a fast collapse of Soviet Russia. Besides, the understanding by broad strata of the Chinese public of the essence of changes that occurred in Russia was complicated by a number of objective and subjective factors, including the specific features inherent in the public thought of China. In actual fact, prior to the triumph of the Great October Revolution, China had no idea about Marxism, though some reports about Marx, Engels and their teaching reached China early in the 20th century, becoming known to a very small number of Chinese intellectuals. The movement to create a new culture, which was aimed against the feudal mainstays, and to develop science (Li Dazhao, Chen Duxiu, Lu Xin and others were the leaders of that movement) was a reflection of the growth of public forces at the end of the 1920s. Due to China's economic backwardness, they regarded the ideals of socialism as unattainable at that period.

In those conditions, the stories by eyewitnesses and participants in the events comprised an important source of information, especially the stories told by the Chinese workers who were returning to China from Russia,<sup>5</sup> and also the impressions about Soviet Russia and the meetings with the leaders of the Soviet Republic gathered by Western correspondents and political leaders which appeared in the Western press from time to time. Speaking at a mass rally in Peking in November 1918, Cai Yuanpei, a prominent bourgeois democrat and educator, stated that the Chinese workers who returned home brought to China the "glory of the victorious state".

Nevertheless, the closest observers of the press of those days could understand that workers and peasants took power in Russia, and that the October Revolution differed radically from all previous revolutions. Newspapers and magazines (*Taipingyang*, *Dongfang*) carried some information about the political measures and political principles of Soviet power, including the proposals on peace and discontinuation of war, the distribution of land among peasants, the holding of elections, and the introduction of workers' control at the enterprises. However, even the progressive public in China could hardly understand the class nature of the new power.

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<sup>2</sup> Quoted from Ping Ming, *History of the Chinese-Soviet Friendship*, Moscow, 1959, p. 68.

<sup>3</sup> Li Dazhao, *Selected Articles and Speeches*, Moscow, 1965, p. 67.

<sup>4</sup> *Ibid.*, pp. 67, 134, 14-21.

<sup>5</sup> *Jindaishi Ziliao*, Peking, 1957, p. 100; *Soviet-Chinese relations. 1917-1957. Collection of Documents*, Moscow, 1959, pp. 45-46.



The Chinese press carried a report about the abrogation of inequitable treaties between tsarist Russia and foreign states.<sup>6</sup> The progressive papers *Minguo ribao* and *Beijing ribao* carried articles on the negative policy pursued by the Soviet government vis-à-vis Japan which at that time was extending the scope of its aggression in China; on the peace-loving principles of Soviet foreign policy due to which, as was pointed out in a number of articles, the international positions of Soviet Russia were consolidated. The press also published the concluding part of the instruction issued by the People's Commissariat for Foreign Affairs of the Russian Federation to the International Departments of the Territorial Soviets of Deputies, which was preceded by the following appeal: "If the Chinese people are willing to give a rebuff to the Japanese-European capitalists and fight against tyranny and injustice, they should closely unite with the Russian people because the Russians are best friends of the oppressed peoples."

The Chinese press also carried articles commenting more or less objectively on the foreign policy principles and diplomatic actions of the Soviet government, especially the latter's struggle against colonialism. For example, on May 27, 1918 *Minguo ribao* wrote: "Proceeding from the principle of noninterference, the new government of Russia vigorously opposed the policy of oppression...and it is doing all it can for the peoples to become happy... It has expressed profound dissatisfaction with Japan's aggressive policy... Lenin's government in Russia managed to consolidate itself because it is guided by the peaceable principles of noninterference. This is an example which China should follow." A number of articles in *Dongfeng Zazhi*, *Laodong* and other publications dealt with the activity of Lenin, and a *Concise Biography of the Leader of the Socialist Revolution in Russia* was published.<sup>7</sup>

Against the backdrop of China's isolation from Russia only several outstanding thinkers could display genuine interest in the ideas of the October Revolution and understand its principles. First among them was Li Dazhao, an eminent Chinese Marxist, communist-internationalist, Professor of Peking University, and also Qu Qiubo, Chen Duxiu, Deng Zhongxia, Cai Hesen, Yun Daiying and others. Li Dazhao was among the first who not only greeted the victory of the October Revolution but also saw in it the future for the Chinese people. In his articles written soon after the October Revolution—"A Comparison Between the French and the Russian Revolutions", "The Defeat of 'Pan...isms'", the "Triumph of Democracy" (July 1918), "The Victory of Bolshevism" and "The Victory of the People" (November 1918)—he was the first in China to write about the historical inevitability of the repetition, on a worldwide scale, of the experience of the October Revolution which he called a "dawn of freedom". "The future world will be the world of the red banner," he stated.<sup>8</sup>

The importance of his activities aimed at drawing attention of Chinese public to the developments in Russia can hardly be overstated. In his articles which were often published simultaneously in a number of Peking and provincial progressive periodicals, in his lectures to the students of Peking University where he taught a special course of historical materialism, the history of socialist doctrines and socialist movements, social

<sup>6</sup> See *Shenbao*, Feb. 17, 1918.

<sup>7</sup> *Dongfeng Zazhi*, Vol. 15, No. 3, 1918; *Laodong*, No. 2, 1918.

<sup>8</sup> Li Dazhao, *Selected Articles and Speeches*, p. 67.

legislation, and in teachers-training colleges where he delivered lectures on sociology, philosophy, history and history of women's movement Li Dazhao explained the essence of the developments in Russia, paying special attention to the specific features of the October Revolution, and the character of home and foreign policies pursued by Soviet power. He and his closest associates did a great deal to make the developments in Russia well known throughout China, so that the Chinese patriots "would like to understand the essence of that Revolution".<sup>9</sup> They turned to the study of Marxism and the experience of the October Revolution.

During the first quarter of the 20th century the winning of sovereignty and independence constituted a most acute problem for China. For example, well-known are the hopes and disappointments of the Chinese during the Versailles Conference. It is precisely for this reason that Soviet foreign policy exerted perhaps the strongest influence on the general democratic public opinion in China, and attracted its attention to the October Revolution.

After the power of the working class was established in Russia, proletarian internationalism which served as a basis for relations between national contingents of the proletariat from different countries turned into a basic principle of the government policy pursued by Soviet Russia. The Soviet state was developing its relations with Eastern countries guided by the ideas of internationalism. Since the very first days of its existence the government of the dictatorship of the proletariat bent every effort to establish new, truly friendly and equitable relations with China in conformity with the foreign policy platform elaborated even prior to the October Revolution.

At the end of 1917 and the beginning of 1918, the Soviet government tried to start up negotiations with China's mission in Petrograd for the establishment of friendly relations based on full equality between the two countries. It proposed to begin talks on the renunciation of all special rights and privileges of Russia in China, including extraterritoriality, consular jurisdiction, concessions, "boxer" indemnities—the money China was supposed to pay Russia to compensate the losses during the "Boxers" uprising in 1900, which amounted to 184 million roubles according to the rate of exchange in 1901. The Soviet government restored China's sovereignty over the territorial strip on which the Chinese Eastern Railway was built. It proposed to discuss the redemption of the railway ahead of time by means of compensating by the Chinese national capital of the part of money invested in the building of the Chinese Eastern Railway or its joint Soviet-Chinese commercial exploitation. The Soviet government declared null and void the treaties which it regarded as inequitable, including the Russo-Chinese treaty of 1896, the Peking Protocol of 1901, and also the secret Russo-Japanese treaties of 1907-1916 which had a bearing on China.<sup>10</sup> Those treaties granted tsarist Russia concessions and privileges for the building of the Chinese Eastern Railway (including right of way) and delineated the spheres of influence in Manchuria.

This programme called for giving back to the Chinese people all what

<sup>9</sup> *Ibid.*, p. 134. For details see V. A. Krivtsov, V. A. Krasnova, *Li Dazhao, From Revolutionary Democratism to Marxism-Leninism*, Moscow, 1978; Y. M. Garushyants, The foreword to the Collection, *Li Dazhao, Selected Articles and Speeches*, Moscow, 1965.

<sup>10</sup> See *USSR Foreign Policy Documents*, Vol. II, Moscow, 1958, p. 233 (further referred to as *FPD*).

was taken from it by the tsarist government either independently or in concert with the Japanese and the allies.

In its foreign policy report to the Fifth All-Russia Congress of the Soviets on July 4, 1918, the Soviet government reaffirmed its policy as regards Soviet-Chinese relations.

The Soviet Union not only proclaimed its policy towards China, which met the interests of both Soviet and Chinese peoples, but also was actively working for the development of relations with that greatest semi-colony on the principles of equality and mutual respect. Soviet initiatives were advanced one after another. However, till the spring of 1920 the Chinese press carried only fragmentary reports about the Soviet foreign policy programme. The situation changed radically in the spring of 1920 when the Chinese mass media carried in Chinese and Western languages the well-known appeal of the Council of People's Commissars of the RSFSR "To the Chinese People and the Governments of South and North China" of 25 July 1919 which for the third time repeated the Soviet programme of developing relations with China.<sup>11</sup> Since then Chinese public became an active force pushing its government onto the road of settling relations with the Soviet government, and the campaign for the normalisation of relations with the USSR was increasingly fusing with the anti-imperialist movement of the Chinese people, giving it fresh impulses. Thus, Soviet foreign policy became a factor exerting a positive influence on China's political life.

The October Revolution and the consolidation of Soviet power impelled Chinese revolutionaries to begin to ponder on a new basis the historical destinies of their country. The most foresighted among them succeeded in raising the question of national and social emancipation in a new manner. Beginning with the "May 4th" period, the major revolutionary groups in China went over from separated actions towards a massive national revolutionary movement, and attention to the possible allies of the Chinese revolution increased. The attitude towards imperialism and towards the USSR became a watershed along which took place a dissociation between the forces of revolution and counterrevolution in China and other Eastern countries. Political and liberation processes got fresh impetus and accelerated considerably.

In its turn, the Soviet state and the international communist movement, guided by the Leninist doctrine on national and colonial problems, expressed their readiness to render assistance to the Chinese patriots in discussing the problems of the Chinese liberation movement, the international situation, the experience gained by the Russian Bolsheviks in the party construction, and so on. Revolutionaries of all countries found in the person of the Soviet state their moral and material base.

The setting up, within a relatively short span of time, of the first Marxist and communist societies, and, in 1921, of the Communist Party of China was a most vivid expression of the influence exerted by the ideas of the October Revolution on the liberation movement of the Chinese people. The Comintern, with the CPSU(B) as its leading section, considerably helped in creating the Communist Party of China. Apart from assistance in elaborating theoretical and political foundations of the party, which were of policy-making significance to the Chinese revo-

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<sup>11</sup> See M. S. Kapitsa, "An Important Document in the History of Soviet-Chinese Relations", *Far Eastern Affairs*, No. 3, 1979.

lution, it also rendered the necessary organisational support.<sup>12</sup> The international communist movement was guided by Lenin's instruction on the possibility of a transition of a backward country towards socialism, bypassing capitalism, provided it enjoys the support of and assistance from the advanced countries.

The victory of the October Revolution ushered in a new stage in the development of proletarian internationalism, signifying the triumph of the latter's principles. It became possible, as a result of the consistent internationalist policy of the Leninist party of Bolsheviks which rallied the working people of different nations and nationalities of Russia in the struggle for the triumph of the revolution. The socialist revolution in Russia was accompanied by an unprecedented upswing of the international proletarian solidarity. That was the beginning of the era of the internationalist cooperation between the Land of the Soviets and the liberation struggle of the peoples oppressed by imperialism.

The First Congress of the CPC adopted two documents—The First Programme of the Communist Party of China and the First Decision on the Aims Pursued by the Communist Party. These documents stressed the proletarian character of the party and proclaimed the establishment of the dictatorship of the proletariat as the ultimate goal of its struggle. In conformity with the Bolshevik tradition, the first Chinese Communists elaborated their minimum programme: they proclaimed a slogan of struggle against militaristic cliques and bureaucracy, and in defence of democratic freedoms.

The theoretical level of the first Chinese Marxists was not high. This is corroborated by the well-known fact that only after the Great October Socialist Revolution the fragmentary information about scientific socialism of which the progressive Chinese intelligentsia was aware, began to transform into a world outlook, and into a set of ideological beliefs of the vanguard of Chinese society. The very first years of the post-October period were marked by the printing in Chinese of many works by the classics of the Marxist thought, including *Wage Labour and Capital* (1919), *The Manifesto of the Communist Party* (1920), *Wages, Price and Profit* (1922). Lenin's work *Political Parties in Russia and the Tasks of the Proletariat* was published in Chinese for the first time in September 1919. All in all, prior to the formation of the CPC (July 1921) about ten of Lenin's works were translated, including *From the Destruction of the Old Social System to the Creation of the New, A Great Beginning, Speech Delivered at the Third All-Russia Congress of Economic Councils, Economics and Politics in the Era of the Dictatorship of the Proletariat*, and his speeches at the Eighth and the Ninth Congresses of the Russian Communist Party (Bolsheviks).

The ideas and practice of the Great October Revolution exerted tremendous influence on the bourgeois leaders of China as well. Academician S. Tikhvinsky rightly noted that they became the factor which impelled Sun Yatsen, the biggest figure in the national liberation movement in China during the first quarter of the 20th century, to radically revise his views on the national liberation struggle in China, and look for new friends and allies in this struggle.<sup>13</sup> It was already mentioned that Sun Yatsen sent a message of greetings to the leaders of the Soviet state in the spring of 1918.

<sup>12</sup> M. I. Sladkovsky, "The Significance of Proletarian Internationalism in the Formation and Activities of the CPC", *Far Eastern Affairs*, No. 3, 1981.

<sup>13</sup> S. L. Tikhvinsky, "The Great October Revolution and the Revolutionary Movement in China", *Far Eastern Affairs*, No. 2, 1982.



Georgy Chicherin, in his turn, greeted Sun Yatsen as the "leader of the Chinese revolution and the man who, since 1911, under extremely difficult conditions, continues to lead the Chinese working masses against their oppressors—the North Chinese and foreign bourgeoisie and the imperialist governments". Having emphasised that Soviet foreign policy programme is mirrored in the Decree on Peace and repeated in the Declaration concerning the peoples of the East, made public at the Fifth All-Russia Congress of the Soviets, Georgy Chicherin simultaneously stressed the community of interests of the peoples of Russia and China in the struggle against imperialism.<sup>14</sup>

Sun Yatsen did not receive Chicherin's letter on time. However, as he later wrote, the foreign press of 1918-1920 carried several reports on the "formal proposals" made to him by Soviet power. The first message he received from Georgy Chicherin was his letter of October 31, 1920. "I wish you every success, dear Chinese brothers," Georgy Chicherin wrote. "Keep going! The force that is oppressing you is getting weaker with every passing day. Wait a little bit, and your turn will come soon. But you should not be wasteful of time. Trade relations between our countries should be established immediately. No chance should be lost. Let China decisively embark on the road of friendship with us. Our best wishes to you personally, and also to the Chinese people—the fighter against imperialism."<sup>15</sup> This message was received by Sun Yatsen on June 14, 1921. The reply was sent on August 28, via the Soviet trade mission in London. Sun Yatsen wrote: "I would like to enter into personal contact with you and my other friends in Moscow. I am extremely interested in your cause, particularly in the organisation of your Soviets, your Army and public education. I would like to know everything that you and others can tell me about these things, especially about education. Like Moscow, I would like to lay the foundations of the Chinese Republic deep in the minds of the younger generation—the toilers of the morrow." Sun Yatsen expressed his best wishes to "my friend Lenin and to all those who have done so much for the cause of human freedom."<sup>16</sup> Having read this message, Lenin told Chicherin to be "amiable in every way and write on a more regular basis."<sup>17</sup>

Soviet historical literature has examined in detail the road traversed by Sun Yatsen, the recognised leader of the Guomindang, the great revolutionary democrat and head of the South Chinese government, towards the alliance and friendship with the USSR, which played an immense part in the further destinies of the Chinese people and the Chinese state. The Communiqué signed by A. A. Ioffe, Soviet plenipotentiary representative in China, and Sun Yatsen (January 1923) and the latter's appeal to the Soviet government requesting support for the South Chinese government and the liberation movement of the Chinese people (May 1923) was a landmark on that road. The urge to assimilate and creatively bring on Chinese soil the experience of the Russian revolution in the Party and Army construction and the practical steps in that direction—the invitation of Soviet political and military advisers to South China, the high appreciation of the contribution to the cause of reorganising the Guomindang, including the preparation of the fundamental documents of

<sup>14</sup> See *FPD*, Vol. II, p. 416.

<sup>15</sup> *FPD*, Vol. V, Moscow, 1961, pp. 718-719.

<sup>16</sup> *Soviet-Chinese Relations, 1917-1957*, pp. 57-59.

<sup>17</sup> Quoted from A. I. Kortunova, "Sun Yatsen—a Friend of Soviet People", *Problems of the History of the CPSU*, 1966, No. 10, p. 30 (in Russian).

the First Congress of the Guomindang and other facts—in no way mean that at some stage of his activities Sun Yatsen adhered to communist ideology. Of course, he went much farther along the road of cooperation with the CPC and the workers' and peasants' movement in China than his comrades-in-arms. However, he consistently adhered to revolutionary democratic views which were a far cry from the Marxist approach to the assessment of Chinese society, of the problems of political organisation, and of the role played by imperialism.

The unification of all objectively revolutionary patriotic forces into a single front was the principal task faced by the revolutionary forces of China early in the 1920s. All major classes of the semi-colonial society were drawn into the struggle against the domination of imperialism.

As is known, the elaboration of the basic provisions for the policy of a united front and the definition of the allies of the proletariat in the struggle for national and social emancipation was done by Lenin who in his work *The Initial Sketch of the Theses on the National and Colonial Questions* stressed the need to render assistance by all communist parties to the bourgeois-democratic liberation movement in backward countries.

The examination of the common and the specific features in the development of the revolutionary process in China, i. e., the combination of Marxism-Leninism with the practice of Chinese revolution, was carried out with the participation of Chinese Communists and patriots at the level of the Comintern. The question of tactical forms was to be solved mainly on the spot, in China, together with the Chinese and Soviet Communists.

Guided by the Leninist instructions, the Communist International assisted the Chinese revolutionary movement in elaborating the forms of a united front. Taking into account the situation obtaining in China—the relative weakness of the workers' and communist movement, the clearcut anti-imperialist tendencies in the practical policy pursued by Sun Yatsen, the latter's reliance on the USSR in the struggle for solving the fundamental problems of China, and Sun Yatsen's readiness to cooperate with Chinese Communists—the Comintern recommended the Guomindang as an organisational form for a united front which, however, was to be reorganised (and Sun Yatsen agreed). It was necessary to determine its programme and structure clearly, and it was supposed to turn into a body of a revolutionary coalition of the working class, peasantry, petty and national bourgeoisie, i. e., all major classes that took part in the Chinese revolution.

The First Congress of the Guomindang opened in Guangzhou on January 20, 1924. It steered towards eliminating the unequal treaties with foreign powers and signing agreements on the basis of observing equality and sovereignty of the two sides.

Sun Yatsen and the Guomindang welcomed the establishment of Soviet-Chinese diplomatic relations on May 31, 1924, which was not only an important event in Soviet-Chinese relations, but also delivered a blow to the entire system of colonialism in China. This promoted a general upsurge of the national liberation movement in the country and the beginning of the revolution on the nationwide scope.

In the mid-1920s, the liberation movement of the Chinese people which took root under the influence of the October revolution entered the period of revolutions and national liberation wars. Safeguarding and supporting the Chinese revolution at all its stages was a major element of Soviet Far Eastern policy.

Of course, nowhere in the world was the development of the revolutionary process smooth and straightforward and can never be. Lenin wrote: "It is undialectical, unscientific and theoretically wrong to regard the course of world history as smooth and always in the forward direction, without occasional gigantic leaps back."<sup>18</sup> At the same time, history teaches us: it is necessary to remain at the level of Lenin's requirements, not to abandon the consistent class and international positions to be able to confirm and protect the revolution against the inevitable attempts of reaction to destroy it.

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18. V. I. Lenin, "Collected Works," vol 22, p 310.

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## PRC FOREIGN ECONOMIC RELATIONS

Moscow FAR EASTERN AFFAIRS in English No 1, Jan-Mar 83 pp 23-32

[Article by Z. V. Dashkevich, candidate of economic sciences]

The foreign economic relations of the People's Republic of China, one of the most dynamic elements of the country's economy, exercise an effective influence on the fulfilment of domestic economic policy, which is directed at overcoming the country's economic backwardness and to building up its economic potential.

The PRC began expanding and consolidating its foreign trade with the capitalist world in the early 70s. Though it professed the idea of "independence and self-sufficiency, and reliance on own resources", it could not, in effect, cut itself off from up-to-date foreign machinery and equipment, production technology, technical documents and other materials, and management methods. Economic necessity compelled it to establish contacts with the outside world.

Import of machines and equipment was resumed.<sup>1</sup> A set of contracts was concluded in 1972-1974 (mainly with Japanese, FRG and US firms) to the tune of approximately \$1,800 million.<sup>2</sup> The contracts were for chemical fertilizer and fibre plant and for machinery for the metallurgical, coal and petrochemical plants with their deliveries to be completed before the end of 1978. In the early half of the 70s, China imported machines and equipment worth slightly over \$3,800 million, with imports in 1974 being approximately four times greater than in 1970.

This trend led to an expansion of China's foreign economic relations and to a visible increase in its foreign trade. In the early half of the 70s, trade with other countries (in value at current prices) increased nearly 150 per cent. This spectacular growth, however, especially in 1973 and 1974, was in a way fictional, because it reflected the inflationary turmoil witnessed in the capitalist world economy. Actually, in fixed 1970 prices, China's foreign trade went up no more than 30 per cent.<sup>3</sup>

A substantial modification of PRC foreign economic policy occurred in the latter half of the 70s. Following Mao Zedong's death, the new leaders altered the approach to the nation's economic problems, laying a stronger emphasis on foreign economic relations and trade. In effect, the concept of "reliance on own resources", which would in orthodox terms mean exclusive use of internal potentialities for economic growth, was replaced by a course focused on enlisting external factors in the

<sup>1</sup> In the fifties, imports of machines and complete equipment, mainly from the Soviet Union and other socialist countries and from Central and Southeast Europe, totalled nearly \$2,700 million. In the sixties, machinery imported from Japan and Western Europe was estimated at \$300,000,000. No machinery was imported from 1966 to the seventies. See *Zhongguo jingji nianjian*, 1981, Beijing, pp. IV-131.

<sup>2</sup> Based on figures taken from *PRC Economy: Transport, Trade and Finance (1949-1975)*, Moscow, 1979, p. 182 (in Russian); *Zhongguo jingji nianjian*, *Op. cit.*, pp. IV-131, 132.

<sup>3</sup> Based on figures taken from *PRC Economy*, *Op. cit.*, p. 150, and *Guoji maoyi wenti*, No. 3, 1981, p. 13.

sphere of domestic economic development, that is, on massive importation of up-to-date machinery and equipment and employment of advanced production technology. Foreign investors were invited, foreign scientific and technical achievements came into demand, as did foreign methods of organising and foreign managerial techniques.

Foreign trade is naturally the basic element in China's economic relations with other countries. And in the 70s the state of the world market worked to China's benefit here. The average annual accretion of the (physical volume) of world trade stood at 10 per cent in the early years of that period, and was still high enough after 1975, declining to 5 per cent, and did not drop lower than that until the early 80s (to something like 1 per cent in 1981 and 1982).<sup>4</sup> Afflicted by the crisis of the capitalist world economy, the international market saw an inflationary (constant though ununiform) increase of prices for manufactured goods and raw materials throughout the 70s. The economically advanced capitalist states began introducing protectionist measures and restricting imports from client countries, this also including certain Chinese exports.

By and large, however, the trading conditions<sup>5</sup> that had prevailed throughout the 70s were favourable for the PRC. This may be illustrated by the following figures (with 1970=100):

Table 1

Index of average export prices		Index of average import prices	Index of trading conditions
1971	95	91	102
1972	102	97	105
1973	157	125	125
1974	207	176	117
1975	198	189	105
1976	186	160	116
1977	219	161	137
1978	237	177	133
1979	264	220	119

Source: *Guoji maoyi wenti*, No. 3, 1981, p. 13.

the world market, the overall level of prices for China's exports went down 4 per cent, while prices for its imports rose 7 per cent. The trading conditions index sank to 105. But in 1976, though prices for both exports and imports went down (6 and 15 per cent), trading conditions stood at 116. That year the Western economy began to recover. In 1977, overall prices for Chinese exports climbed 18 per cent and for imports only 0.6 per cent, and the trading conditions index jumped to 137, the highest mark reached in the 70s. In the following two years, however, prices for China's export goods rose more slowly than those for its imports, the former going up 8 and 11 per cent and the latter 10 and 24. This had an unfavourable effect on China's trading conditions, as the following table, based on 1977 price indexes, shows:

<sup>4</sup> See *Guoji maoyi wenti*, No. 4, 1981, p. 11.

<sup>5</sup> The term "trading conditions" expresses the relation of the index of average export prices to the index of average import prices.

The changes in China's trading conditions in the 70s were also largely related to the commodity structure of both its exports and imports. Prominent among the exports were raw and semi-finished materials (more than 50 per cent)<sup>6</sup> and products of the light and textile industries (in the late 70s the latter's share was about 20 per cent).<sup>7</sup> Only an insignificant percentage was accounted for by products of the country's

engineering industry (2.4 per cent in 1979).<sup>8</sup> Imports consisted mainly of industrial raw materials and consumer goods (wheat, cotton, sugar, animal and vegetable fats, iron ore, pig-iron, rolled steel, chemical fertilizer and fibre, wool, artificial silk, rubber, paper and pulp, copper, aluminium, tin, nickel, phosphates, timber, leather, jute, and so on) which were also essentially identifiable as raw and semi-finished materials (accounting, as they did among exports, for over 50 per cent of total).<sup>9</sup> The share of machines, complete equipment and technology was about 20 per cent.<sup>10</sup>

Until 1977, the price of Chinese export goods rose more than that of imports. That was why trading conditions had been favourable. But after 1977 the situation reversed itself. Trading conditions deteriorated because the rise in import prices outstripped that of export prices. The price of sugar, vegetable oil, cotton, chemical fertilizer and fibre, rubber, iron ore, phosphates and paper, which accounted for more than half of China's imports (in terms of value) rose considerably, while that of such key Chinese exports as metallic ore, chemicals, arts and crafts, products of the light, textile and engineering industries, and farm produce, including foods, went up much less. (With the sole exception of petroleum, the price of which had also risen considerably.)

In the setting described above, China's foreign trade developed at a relatively high pace in the latter half of the 70s and in the early 80s, yielding the following indicators (in 000 million dollars at current prices):

Table 3

	1975	1976	1977	1978	1979	1980	1981
Total	14.8	13.1	15.0	21.1	29.3	38.0	40.4
Exports	7.3	7.2	7.7	10.0	13.6	18.1	20.9
Imports	7.5	5.9	7.3	11.1	15.7	19.9	19.5
Balance	-0.2	+1.3	+0.4	-1.1	-2.1	-1.8	+1.4

Source: *Renmin ribao*, 28 June 1979; 30 April and 30 August 1982. *Zhongguo jingji nianjian* 1981, pp. VI-4; *China Business Review*, July-August 1980, Vol. 7, No. 4, p. 35.

<sup>6</sup> See *Guoji maoyi wenti*, No. 3, 1981, p. 14.

<sup>7</sup> See *Zhongguo jingji nianjian* 1981, *Op. cit.*, p. IV-48.

<sup>8</sup> See *Ibid.*, p. IV-129.

<sup>9</sup> See *Guoji maoyi wenti*, No. 3, 1981, p. 14.

<sup>10</sup> See *Ibidem*.

Table 3 shows that in 1979 China's foreign trade had approximately doubled against 1975, with exports rising 90 per cent and imports 110 per cent. If the base year were 1976, when China's foreign trade shrank about 11 per cent against the year before, total growth would be 120 per cent (with exports going up 90 and imports 170). But in fixed 1975 prices, overall trade went up 60 per cent, exports 40 per cent and imports 80. The same calculations, but based on 1976 fixed prices, would yield a mere 40 per cent growth of total trade and of exports and imports in 1979.<sup>11</sup> Further growth of foreign trade (in current prices) was witnessed in the early 80s: 38 per cent in 1981 against 1979, with exports going up 54 per cent and imports 24.

In the late seventies, China's import growth invariably exceeded growth of exports. In 1977, import growth (based on current prices) was, indeed, 24 per cent, whereas exports grew only 7 per cent. In 1978 the figures were 52 and 30 per cent respectively, and in 1979—41 and 36. The result of the then adopted imports policy, this trend led at first to a decline of the positive balance of foreign trade, and then to an increasingly negative balance. In 1980, however, the relation of annual import and export growth rates was reversed: exports outstripped imports, registering 30 per cent against the latter's 27. And in 1981, with exports rising more than 15 per cent, imports declined about 2 per cent, again yielding a positive balance of foreign trade.

China's foreign trade in 1975-1981, especially after the death of Mao Zedong, came under the cumulative impact of factors which often operated with opposite effect. The inflationary trends in the world market and the active though unbalanced policy of "four modernisations" sent foreign trade figures up. This on the one hand, while the protectionist measures of China's key trading partners, the economically advanced capitalist states, coupled with the measures that the Chinese leadership took after reassessing the nation's economic potential, had a restrictive effect on foreign trade.

These factors, which affected the dynamics of China's foreign trade, and the new scale and schedule of its economic development plans, also distinctly influenced the structure of exports and imports.

In 1975, manufactured goods (ready and semi-finished) accounted for some 70 per cent of China's exports (in terms of value). In 1978, this figure rose to 72 per cent, in 1979 to 77, in 1980 to 81, and the following year to 82. The share of industrial crops and other farm produce went down accordingly from 30 to 28 per cent, and thereafter to 23, 19 and 18 per cent.<sup>12</sup> In 1981 the share of manufactured goods rose to 53 per cent against 50 the year before, and that of raw and semi-finished materials declined accordingly to 47 against the previous year's 50.<sup>13</sup>

The figures in Table 4 show that with total 1981 exports rising about 170 per cent against 1977, export of products of heavy industry rose more than 350 per cent, while that of products of light industry and agriculture increased only a bit more than double (though the share of the latter two groups had been declining year after year). Such considerable growth of exports in the heavy industry group is to be ascribed

<sup>11</sup> Comparison of figures based on fixed commodity prices reflects the relation of factual volumes of goods involved in foreign trade, whereas figures based on current prices yield a picture of current foreign trade.

<sup>12</sup> See *Zhongguo baike nianjian 1980*, Beijing-Shanghai, 1980, p. 306. *Zhongguo jingji nianjian 1981*, p. VI-22; *Renmin ribao*, 30 August 1982.

<sup>13</sup> See *Renmin ribao*, 30 April 1982.

to the fact that, for one thing, in Chinese statistics minerals and fuel (metallic and dressed ore, petroleum and petroleum products, and coal) are included under that head, and, for another, to the fact that their price rose visibly during that period (admittedly, growth of that industry also played its part).

The structure of imports, like that of exports, witnessed certain modifications. Whereas in 1975 means of production accounted for something like 85 per cent of imports and consumer goods for about 15,<sup>14</sup> the figures edged closer to 81 and 19 in 1978 and 1979,<sup>15</sup> which was, by and large, nearer to the average annual figures for the 30 years of the People's Republic of China.<sup>16</sup> In 1981, the share of manufactured goods shrank to 63 per cent against 65 per cent in 1980, while that of raw and semi-finished materials rose accordingly to 37 per cent from the previous year's 35.<sup>17</sup>

Table 4

Structure of PRC Exports in 1977-1981 (Value in thousand million dollars, share in per cent)

	1977		1978			1979		
	Value	Share	Value	Share	per cent of 1977	Value	Share	per cent of 1978
Total	7.7	100.0	10.0	100.0	129.9	13.6	100.0	136.0
Heavy industry	2.0	26.4	2.5	25.5	125.0	4.3	31.9	172.0
Machinery and equipment	...	...	0.2	2.0	...	0.3	2.4	130.8
Light industry	5.7	73.6	4.7	46.9	131.6	6.1	45.0	129.8
Farm products	...	...	2.8	27.6	...	3.2	23.1	114.3

  

	1980			1981		
	Value	Share	per cent of 1979	Value	Share	per cent of 1980
Total	18.1	100.0	133.1	20.9	100.0	115.5
Heavy industry	7.1	39.4	165.1	9.1	43.4	128.2
Machinery and equipment	0.5	2.7	165.7	...	...	...
Light industry	7.6	41.8	124.6	8.1	38.9	106.6
Farm products	3.4	18.8	106.2	3.7	17.7	108.8

Based on figures taken from *Renmin ribao* June 28 and Sept. 28, 1979; Aug. 31 and Nov. 12, 1980; Aug. 30 1982; *Guoji maoyi wenti*, No. 1, 1980, pp. 15, 16; No. 3, 1981, p. 5; *Zhongguo baike nianjian* 1980, p. 303; *Zhongguo jingji nianjian* 1981, pp. IV-128, 129.

The figures in Table 5 reveal that, though the total value of imports in 1980 had nearly doubled against 1978, the group that included raw and semi-finished materials for heavy industry, machinery, equipment and instruments went up only about 50 per cent, while imports of raw materials for light industry went up nearly 130 per cent, farming machi-

<sup>14</sup> See *Zhongguo jingji nianjian* 1981, p. VI-22

<sup>15</sup> See *Zhongguo baike nianjian* 1980, p. 306.

<sup>16</sup> See *Xinhua xuebao*, No. 1, 1981, p. 2

<sup>17</sup> *Renmin ribao*, 30 April, 1982



Table 5

Structure of PRC Imports in 1978-1981 (Value in thousand million dollars, share in per cent)

	1978		1979			1980			1981		
	Value	Share	Value	Share	per cent of 1978	Value	Share	per cent of 1979	Value	Share	per cent of 1980
Total	11.1	100.0	15.7	100.0	141.4	19.9	100.0	126.8	19.5	100.0	98.0
Raw and semi-finished materials for heavy industry, machines, equipment, instruments	6.2	55.7	9.2	58.3	148.4	9.4	47.2	102.2	...	...	...
Machines, equipment, instruments	0.7	6.7	2.3	14.7	328.6	5.5	27.5	239.1	5.1	26.2	92.7
Complete equipment	0.2	2.0	1.0	7.6	500.0	2.6	12.9	260.0	...	...	...
Grain, animal and vegetable fats, chemical fibre, fertilizer and other raw materials, paper and pulp, consumer goods	4.9	44.3	6.5	41.7	132.7	10.5	52.8	161.5	...	...	...
Raw materials for light industry	2.1	19.4	2.7	17.2	128.6	4.8	24.3	177.8	...	...	...
Means of production for agriculture	0.7	6.3	0.9	5.9	128.6	1.5	7.3	166.7	...	...	...
Consumer goods	2.1	18.6	2.9	18.6	138.1	4.2	21.2	144.8	5.3	27.4	126.2

Based on figures taken from *Renmin ribao*, 28 June 1979, 30 April 1981, 9 August 1982; *Zhongguo baike nianjian* 1980, p. 303; *Xinhua information bulletin*, 10 February 1980, p. 5; *Zhongguo jingji nianjian* 1981, p. IV-128, VI-4; *Japan Economic Journal* 29 January 1980.

nery and implements more than 110, and consumer items 100. In 1981, when total imports went down a mere 2 per cent, imports of machinery, equipment and instruments dropped more than 7 per cent and imports of consumer goods increased 26 per cent. These figures reflect changes in China's foreign economic policy, notably in the field of imports, that occurred in the late 70s and stimulated importation of goods needed for the promotion of agriculture and light industry, and also for stabilising the home market.

The measures taken by government offices to suit this change of course affected China's trading and economic relations with other countries. Imports of machinery, equipment and metals, that is, of goods for immediate use in industry, were reduced, while those of commodities that were meant, in the final analysis, to meet the consumer demand, were increased.

The change of PRC policy in the late seventies led to a rise in imports of machinery, equipment and production techniques, and also to more loans and to admission into the country of foreign investors.

In the latter half of the seventies imports of machinery and equipment increased spectacularly—as much as 560 per cent over the early seventies. Starting in 1975 and until the end of 1977 China contracted purchases to the tune of \$2,200 million. And in the next two years the figure rose to as much as \$9,600 million.<sup>18</sup> (The peak was reached in 1978 when contracted purchases totalled \$7,800 million or nearly twice as much as in the five preceding years.) As provided for in the contracts signed in 1973-1978, more than 80 per cent of the value involved, totalling \$11,700 million, concerned complete equipment.<sup>19</sup> In 1979, however, the size of the transactions involving complete equipment for large-scale ventures declined visibly.

All in all, from 1975 to 1979 inclusive, China imported more than \$12,000 million worth of machinery and equipment, or thrice as much as in the early half of the seventies. In 1980 and 1981 imports under the same head were estimated at about \$11,000 million.

While imports of these goods were of a large scale, imports of technology were, as a rule, negligible. Funds spent on technology were on average a mere 3 per cent of the total value of imported machinery and equipment, and in some years as little as 1 per cent and less. The eighties are witnessing a radical change of approach. In 1980, purchases of technology accounted for 12.6 per cent of total spending on machinery, equipment and technology, and for as much as 28.9 per cent in the following year.<sup>20</sup>

In early 1979 it became clear that the all-out importation of machines and equipment was overstraining China's material, financial and manpower resources in view of its insufficiently developed infrastructure, limited gold and currency reserves,<sup>21</sup> shortage of skilled labour and trained technicians, strains on the energy supply, and other weaknesses of the economy. The country's leadership had no choice but to reduce imports. In 1979 purchases of machines and equipment (under concluded contracts) dropped to \$1,800 million,<sup>22</sup> though actual imports continued to grow (\$2,300 million against 700 million in 1978).

An all-China foreign trade conference at the end of 1979 revealed the negative aspects of machinery imports and worked out a set of guidelines to remedy the situation. Its key instructions were aimed at gearing imports of machines, equipment and technology to the need for "rectifying the economy". This meant shifting the accent on development of agriculture and the light and textile industries, and certain other economic fields, while machinery imports would be confined to furthering the development of energy resources, of the basic industries and transport, and to expediting mobilisation of untapped potentialities and modernisation of operating enterprises. Stress was laid on the growing capacity of China's own engineering industry and, notably, its ability to supply missing and spare parts, etc., for imported industrial equipment. The conference emphasised the need for strict control over the importation of complete equipment.

The reduction of machinery and equipment purchases was the result of a realistic assessment of China's capacity for buying and using foreign

<sup>18</sup> Based on figures from *PRC Economy*, *Op. cit.* p. 182 and *Zhongguo jingji nianjian* 1981, pp. IV-131, 132.

<sup>19</sup> See *Zhongguo jingji nianjian* 1981, p. IV-131.

<sup>20</sup> See *Ibid.*; *Shijie jingji daobao*, 15 March 1982.

<sup>21</sup> In 1979 PRC gold and currency reserves amounted to some \$7,500 million, *Zhongguo jingji* 1981, No. 7, p. 15.

<sup>22</sup> See *Zhongguo jingji nianjian* 1981, p. IV-131.



plant and technology rather than a change in approach to the role of the external factor in securing the goals of national economic development. Large-scale importation of foreign machinery has not been renounced. It is only being adjusted to the country's capability so as to avoid exacerbating the already existing problems or creating new ones (though this is not always possible: protection of national industries against the tremendous pressure of the practically unrestricted flow of imported means of production and consumer goods has become a major problem).<sup>23</sup>

Expanding imports from developed capitalist states has created the problem of paying for them. Until recently, the bulk of the requisite funds came from the proceeds for Chinese commodities sold abroad. But despite considerable efforts to consolidate exports, above all to advanced capitalist countries, the capacity for expanding them is still fairly limited. This, indeed, has been one of the main reasons for the radical change of policy in using foreign loans and admitting foreign capital.

Use of foreign financial resources to speed the country's economic development began soon after the establishment of the People's Republic of China. Under an agreement concluded in February 1950, the Soviet Union granted China five-year credits of \$300 million (270 million roubles) at an annual interest of 1 per cent repayable in a ten-year period (1954-1963).<sup>24</sup> All in all, from 1950 to 1961, Soviet credits to China for economic and military purposes totalled nearly 2,000 million roubles.<sup>25</sup>

Somewhere in mid-1978, Chinese agencies began establishing contacts and negotiating credits with financial quarters in economically advanced capitalist countries. By the end of 1979, the Bank of China signed agreements under which credits climbed to a total of \$27,600 million,<sup>26</sup> including export credits from Britain, France, Italy, Canada, Sweden, Australia and Belgium to the tune of \$11,800 million. But the PRC was too cautious to use up so substantial a sum. By the end of 1979 actual utilisation of these credits was kept down to some \$3,000 million.<sup>27</sup> And it is fairly safe to predict that China will not use up the full amount of granted credits, because their size and the terms of settlement would inflate its foreign debt to perilous proportions. At the same time, however, in the revenue of the PRC state budget of 1979, totalling 110,300 million yuan (some \$71,000 million), foreign credits amounted to only 3,500 million yuan (about \$2,300 million) or 3.2 per cent, whereas in 1981, with revenue totalling 108,900 million yuan (\$59,800 million), foreign credits stood at \$4,000 million or 6.7 per cent.<sup>28</sup>

When invoking foreign finance, China prefers long-term low-interest credits granted by governments or international monetary organisations, though it is clear that unlike the high-interest short- or medium-term commercial or bank loans they are usually tied to certain conditions and restrictions. Under this head, for example, come the \$2,000 million granted by the Japanese Export-Import Bank under an agreement signed on 15 May 1979<sup>29</sup> and the US governmental credit of \$2,000 million

<sup>23</sup> See, *inter alia*, the editorial article, "Defend and Develop National Industry", in *Renmin ribao*, 24 April, 1982.

<sup>24</sup> See *Soviet-Chinese Relations (1917-1957)*, Collection of Documents, Moscow, 1959, p. 223.

<sup>25</sup> See *The Leninist Policy of the USSR Towards China*, Moscow, 1968, pp. 204, 205.

<sup>26</sup> By the end of 1981 the sum of possible credits under agreements signed by China with foreign states approached \$31,000 million.

<sup>27</sup> See *Zhongguo jingji nianjian 1981*, pp. IV-132, 133.

<sup>28</sup> Based on figures from *Renmin ribao*, 13 September 1980 and 24 August 1982.

<sup>29</sup> See *Renmin ribao*, 4 September 1979; *Japan Times*, 31 March 1979.

negotiated in September 1979 during Vice-President Mondale's visit to the PRC.<sup>30</sup>

Joint ventures are a new form of enlisting outside capital for China's economic development. Reports that the Chinese side was inviting capitalist investors to participate in such ventures in PRC territory first appeared in 1978.

Laying the legal foundations for cooperation with foreign private firms the 2nd Session of the 5th National People's Congress adopted a law on joint enterprises on 1 July 1979, defining the key principles of foreign participation in mixed firms: their minimal share, the procedure of endorsing contracts, composition of managing boards, division of dividends and their transfer abroad, and so on.

The reception that this act was accorded in the West was fairly restrained. This was evidently due to its general nature and the absence of provisions for a wide range of specific issues (taxation, protection of investments, circulation of foreign currency, and the like), which were of prime interest to foreign investors.

The 10th session of the National People's Congress Standing Committee ruled on 30 July 1979 to establish a Foreign Investment Commission with the following functions: elaboration jointly with pertinent governmental organisations of policy and legislation governing foreign capital; elaboration of management methods for mixed ventures and of procedure for the examination and endorsement by appropriate instances of agreements and contracts concluded by mixed enterprises as well as of their constitutions; overall supervision of central as well as local agencies using foreign capital.

By decision of the PRC State Council an international credit and investment company was founded in October 1979 with the function of inviting, directing and using foreign capital, importing modern equipment and technology, and establishing joint enterprises on instructions from local and central sectoral agencies in accordance with the law on joint Chinese-foreign ventures.

An important area in which foreign capital is invoked is off-shore exploration and extraction of oil. In 1978 and 1979 the proper Chinese quarters examined the possibilities of such cooperation, and a decision was taken to conclude so-called risk contracts envisaging two phases--first, geophysical exploration and, second, prospecting and starting up extraction.

No less important, and possibly even more so, was the establishment of "special economic zones" in PRC territory. In July 1979 the Chinese government introduced a special policy for Guangdong and Fujian provinces and established "special economic zones" there (Shenzhen, Zhuhai and Shanton in Guangdong province and Xiamen in Fujian province) in order to encourage foreign firms and individuals, and overseas Chinese from Hongkong and Macao, to engage in joint industrial, agricultural, commercial, tourist, building and service ventures with or without investment by the Chinese side.

To increase the inflow of foreign currency and modern industrial equipment, Chinese foreign trade agencies adopted what they called joint trading methods: industrial and commercial cooperation and goods-payback agreements (the former usually envisaging the processing of raw materials or assembly of items from parts provided by the foreign

<sup>30</sup> See *Renmin ribun*, 29 September 1979 (no concrete agreement has been reached so far).

cient and the latter for provision of equipment payable with the products of this equipment)

A pertinent decision was passed by the Chinese government in Jul. 1978, and in September 1979 the State Council of the PRC published a document entitled, "Procedure of Processing Raw Materials and Assembly of Articles from Parts Provided by Foreign Clients, and of Medium and Small Goods-Payback Transactions". This governmental act relieved ventures based on these flexible trading methods of customs duties and commercial and industrial taxes.

In the late seventies and early eighties the listed forms of admitting foreign investment and participation in the country's economic development had not yet attained full scale. In the meantime, the Chinese side extended and consolidated the legal and organisational framework for cooperation with foreign entrepreneurs. New legislation has been drafted or adopted to regulate the functioning of foreign capital in the PRC. Negotiations are under way concerning protection of foreign investors (agreements on this score have already been signed with some countries). New credit agreements are being concluded, sectoral foreign trade companies are being set up, and so on.

The Chinese side regards foreign economic ties not only as an auxiliary instrument of economic development with active and primary use of internal resources, but also as an important element for stabilising the national economy and furthering the "four modernisations".

The 12th Congress of the Communist Party of China, which convened in early September 1982, has in general terms discussed various aspects of foreign economic relations. The CPC Central Committee report to the congress<sup>31</sup> states that "open policy in the matter of external economic relations" and expansion of external economic and technical ties on principles of equality and mutual advantage are "the constant strategic course of the PRC", and stresses the desire to expand foreign trade.

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31. RENMIN RIBAO, 8 September 1982.

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## CMEA STATES' ROLE IN MONGOLIAN ECONOMIC DEVELOPMENT DISCUSSED

Moscow FAR EASTERN AFFAIRS in English No 1, Jan-Mar 83 pp 33-41

[Article by T. A. Yakimova, candidate of historical sciences: "The MPR National Economy Under the Conditions of Integration"]

The comprehensive programme of socialist economic integration provides for the priority development of an up-to-date, highly effective economic structure or optimum national economic complex in each CMEA member country. Since the European CMEA countries have in the main already built economic complexes, they are engaged in improving them, improving their structure, and securing greater coordination of plans.

As concerns the Mongolian People's Republic, the task is to improve its economic structure, and mainly to secure closer ties between sectors of the MPR economy and the economic structures of other CMEA countries. The construction of an optimum economic complex in the MPR requires creation of those fields of material production for which the country has favourable natural and economic conditions, and development not only on the scale of the country but also with an eye to the needs of the entire socialist community.

Stressing the importance of this, Yu. Tsedenbal, General Secretary of the Central Committee of the Mongolian People's Revolutionary Party and Chairman of the Great People's Khural Presidium, said: "When working out the perspectives of the industrial and agricultural development of the MPR, the Party holds that it is not necessary for the country to produce all types of articles. On the contrary, taking account of the international division of labour, the country should develop only those types of production for which there are the proper natural and economic conditions. That is why the MPR gears the perspectives of developing various industries and agriculture not only to the internal needs, but also to the needs of the other socialist countries."<sup>1</sup>

Mongolia's capacity for creating the optimum national economic complex is ensured by its participation in the international socialist division of labour and socialist economic integration. Optimality depends on fullest possible use of the advantages of the international socialist division of labour, which also makes for high rates of economic growth.

The structure of the economies of the various socialist countries cannot be of an entirely identical type if they are to meet the needs of economic and scientific technical progress and to reap the benefits of the international division of labour. Distinctions deriving from certain specific factors are both possible and necessary. But the absence of parallelism in structuring the national economic complexes should not be taken to mean absence of common features and trends, for these flow from the

<sup>1</sup> Yu. Tsedenbal, *Reports, Articles, Speeches*, Vol. 3, Ulan Bator, 1967, p. 331.

common objective tendencies of present-day scientific and technical progress and, indeed, from those of socialist construction.

The interaction of national economic complexes of socialist countries and the interadaptation of their industries occur through the remodelling of the old structure and the moulding of new elements. This modification is a long process and involves overcoming the considerable inertia and resistance to change.

The intensive international division of labour tends to alter ideas about the optimum combination of different branches of the national economic complex.

The most common requirement is that the national economic complex should suit the chief aim of socialist production, that of ensuring the continuous improvement of the people's living standard and cultural level. This, indeed, is where we get an object lesson of how the needs of society influence the development of the national economy. And the optimum variant is one that ensures the maximum physical volume of national income for any given outlay of resources.

Structural policy cannot fail to take into account the different objective resources that each country possesses for creating an up-to-date highly effective economic structure owing, above all, to their different funds of accumulation. Therefore, we must differentiate between ultimate goals and intermediate objectives of the structural policy. It is clear, after all, that owing to limited capital investment, industrialisation and balancing of economic levels are secured by phases.

And for each phase in a country's economic development there is its own optimum structure of economic branches. Given rigidly limited funds for capital investment and limited skilled labour, and also a comparatively narrow domestic base for producing means of production (especially implements of labour), modernisation and shaping of the optimum structure may be reduced to the priority development of just a few industries, those that in the specific conditions of the country concerned make for the greatest heightening of the productivity of social labour and, consequently, yield the greatest accretion of national income. Of the utmost importance here is the maximum adaptation of the sectoral structure to the available natural resources and economic factors of production. Fertile land, rich forests, and mineral deposits, for example, offer considerable advantages for the corresponding economic branches.

In Mongolia, the principle of ensuring priority growth of the production of means of production rather than of consumer industries has acquired certain specific features. For Mongolia gets all the machines, equipment, oil products and other items its economy may need from the Soviet Union and other socialist countries.

At the present phase of Mongolia's economic development, some of the internal development factors can be used only in combination with the external ones. Development of the country's raw-materials and natural resources, for example, is inconceivable without the aid of the USSR and the other CMEA members. The available internal resources simply cannot, without external financial and material participation, secure the development of the various materials-intensive industries involving large capital investments, and much less secure structural modifications of the national economy.

Mongolia's socialist industrialisation policy is defined in the Fourth Programme of the Mongolian People's Revolutionary Party (MPRP) adopted in 1966 and in the decisions of the subsequent party congresses. In 1981, the 18th Congress of the MPRP formulated concrete guidelines



for Mongolia's further industrialisation. The congress noted that the objective of completing the building of the material and technical basis of socialism is to be reached through socialist industrialisation, raising the technical level of all branches of the national economy.

In the past few decades the MPR economy has undergone a definite structural change. In 1980, industry accounted for nearly 40 per cent of the gross national product and for more than 65 per cent of the total net product of agriculture and industry.<sup>2</sup>

The above data are evidence of ongoing industrialisation, of an all-out development of industry and of Mongolia's growth into an industrial-agrarian country.

Mongolia's industrial growth has led to a rapid expansion of the fuel and energy branches and, alongside, to an expansion of the light and food industries processing the products of farming, notably animal husbandry.

The work force employed in the various industries is a clear reflection of this fact. Light industry, for example, accounts for 29.5 per cent of the industrial work force and yields 26 per cent of the gross industrial output.<sup>3</sup> The food industry employs over 11 per cent of the industrial work force and accounts for 19 per cent of the gross industrial product.<sup>4</sup>

In the past ten years the country has seen a swift growth of the non-material fields of production as a basic component of the economic complex. In 1980, they accounted for 24.2 per cent of the gainfully employed, including 9.4 per cent in education, culture and the arts, 6.1 per cent in public health, and so on.<sup>5</sup>

In 1980 the structural relation between the material and non-material fields of production was 76:24 in employment and 68:32 in fixed assets.<sup>6</sup> This is consistent with the need for building a material and technical basis for social production, on the one hand, and with the need for raising the cultural level and living standard of the working people, on the other.

The foundation for proportionate development of the economic complex is provided by the optimum relation of the two divisions of social production. Given the high growth rate of all social production in the country alongside the socialist extended reproduction, Mongolia has followed the principle of securing priority growth of the first division, that is, of the production of means of production.

To ensure high growth rates, rational proportions and efficiency, it was important to secure plan-governed distribution of the national income, and above all an optimum relation of accumulation to consumption. This relation, indeed, is a crucial element of the reproductive structure of any economic complex. The share of the accumulation fund in the expended national income is relatively high, for it is essential to raise the development rate of the branches of material production and to expand the construction of public buildings and housing.

Change in the structure of the MPR economy has led to qualitative change in the structure and size of the work force. The chief distinctive feature is that industrialisation has considerably heightened the techni-

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<sup>2</sup> *The Economy of the MPR, 1921-1981*, Ulan Bator, 1981, p. 115.

<sup>3</sup> *Ibid.*, pp. 271, 312.

<sup>4</sup> *Ibidem.*

<sup>5</sup> *Ibid.*, p. 142.

<sup>6</sup> *Ibid.*, pp. 140, 133-134.

cal level of social production, including that of agriculture. As a result, the work force in agriculture has shrunk, while that in industry has increased. In 1960, as much as 61 per cent of the total work force was employed in agriculture, whereas in 1980 that figure declined to just 40 per cent. During the same interval the percentage (of total gainfully employed) in industry went up from 12 to 15 per cent.<sup>7</sup>

The numbers of skilled workers and graduate engineers and technicians are rising at a rapid rate, keeping pace with the socialist industrialisation, the rising technical level of production and the introduction of advanced equipment and production techniques. The numbers of personnel with a higher and specialised secondary education employed in the economy as a whole increased 52 per cent in 1971 to 1975, and another 36 per cent in 1976 to 1980.<sup>8</sup> The share of those employed in the non-material sphere is rising, spurred by the rapid development of science, health, culture and other fields. That is, indeed, one of the basic changes witnessed in the structure of Mongolia's work force. The rising growth rates in social production and improvements in the sectoral and geographic structures of the national economy, coupled with the higher general efficiency of the economy, have impelled growth of the scale of production, an expansion of the material and technical basis and a heightening of the productivity of social labour, which has risen 130 per cent from 1960 to 1980. At present, the rising labour productivity ensures some 70 per cent of the accretion in the national income.

The accelerated development of social production and its mounting efficiency has had the effect of considerably raising the living standard and cultural level of the nation on the basis of a broad social development programme. Convincing proof of this, among other things, is offered by the substantial increase of real incomes and retail sales, which have gone up 250 per cent as compared with the 80 per cent population increase.

A crucial part in securing high economic development rates and raising the well-being of the Mongolian people is played by the country's allround cooperation with the fraternal socialist states, notably the Soviet Union.

Speaking at the festivities on the occasion of the 60th anniversary of the Mongolian People's Republic, Yumzhagiyin Tsendenbal, General Secretary of the MPRP Central Committee and Chairman of the Great People's Khural Presidium, said: "The diverse fraternal aid of the Soviet Union serves, and will serve, as a mighty factor of the steady growth of our economy and culture, and of the further improvement of the living standard and cultural level of the Mongolian working people."<sup>9</sup>

More than 150 industrial, cultural and other projects have been constructed with Soviet aid in just 1976-1980, including the Sharyngol and Adun-Chulun coal mines, a house-building complex, an expanded clay plant, a hides and leather processing plant, a spinnery and a carpet factory. Enterprises of the power industry were modernised and enlarged (heat and power stations in Ulan Bator, Choibalsan and other towns). The Soviet Union has also rendered considerable agricultural aid: eleven state farms were set up with Soviet help in virgin lands, 7,000 artesian and shaft wells were sunk, and 8,000 cattle barns, dairy projects and other animal farm structures were built.<sup>10</sup> As much as 60 million hectares

<sup>7</sup> *Ibid.*, p. 141.

<sup>8</sup> *Ibid.*, p. 156.

<sup>9</sup> *Unen*, 11 July 1981.

<sup>10</sup> See *Unen*, 11 July 1981 and *Novosti Mongolii*, 27 May 1981.

of pasture land has been irrigated, and more than 30,000 watering places made for the herds of animals.<sup>11</sup>

At present, enterprises built with Soviet material and technical assistance account for some 50 per cent of total industrial output, including more than 95 per cent of electric power, 85 per cent of the coal, 85 per cent of the flour, more than 70 per cent of the bread, pastry, rolls and buns, 100 per cent of the scoured wool and felt, wollen fabrics, formula feed, and so on.<sup>12</sup>

Joint work is under way in housebuilding. Dwellings with a total floor space of over 500,000 sq m, built with Soviet aid, were opened to tenants in the past ten years.<sup>13</sup>

The Soviet Union is rendering extensive aid in training national personnel. Thousands of young Mongolians are being trained at technical schools built and commissioned with Soviet assistance. They are taught trades that are in demand in the national economy.

In 1981-1985, Soviet economic, scientific and technical aid to Mongolia will double against the previous five years. As many as 340 projects will be built in the MPR with Soviet assistance in industry and for cultural and other purposes, 150,000 hectares of virgin land will be developed and 12 million hectares of pasture irrigated.<sup>14</sup>

Other CMEA members are also rendering Mongolia considerable technical and economic aid.

The People's Republic of Bulgaria has helped Mongolia to build a sheepskin and fur coat factory in Darkhan, a meat-packing plant in Choybalsan, hothouses and a fruit and vegetable farm near Ulan Bator, and a few other projects.

The Hungarian People's Republic has rendered assistance in building a biochemicals factory and a clothes factory in Ulan Bator and in large-scale irrigation works (wells and livestock watering places).

The German Democratic Republic has assisted the MPR in building a printing plant, a large meat-packing enterprise and a carpet factory in Ulan Bator, in expanding the tungsten enterprise at Buren-Tsogdo, and in a number of other agricultural and industrial projects.

The Polish People's Republic rendered technical and economic aid in building a woodworking plant, a brick factory, an alcohol factory, and car repair and service station.

The Ulan Bator circus building and a furniture factory were built with the aid of the Socialist Republic of Romania.

The Czechoslovak Socialist Republic rendered technical and economic assistance in building a shoe factory, a hides and leather factory and a leather production and research centre, as well as a large hospital in Ulan Bator.<sup>15</sup>

The comprehensive socialist economic integration programme of the CMEA member countries, imbued with the spirit of socialist internationalism, provides for a large system of measures that will accelerate the development and heighten the efficiency of the Mongolian economy.

The level of social and economic development reached by the Mongolian People's Republic, and its growing cooperation with the Soviet

<sup>11</sup> See *Vneshnaya torgovlya*, No. 3, 1981, p. 6.

<sup>12</sup> *Ibid.*, No. 5, 1980, p. 13.

<sup>13</sup> *Ibid.*, p. 12.

<sup>14</sup> *Unen*, 4 April 1981.

<sup>15</sup> *Economic Cooperation of the CMEA Countries*, No. 1, 1978, pp. 22-23 (in Russian).

Union and other socialist countries, enabled the 18th Congress of the MPRP, held in May 1981, to chart new social and economic objectives.

The Guidelines for the Economic and Cultural Development of the MPR for 1981-1985 state that the main task of the seventh five-year plan is to secure the progressive development of social production and to raise its efficiency by heightening the productivity of labour, utilising scientific and technical achievements and advanced experience, considerably improving use of production plant and of material, financial and manpower resources, to further the growth of the country's economic potential and thereby ensure steady improvement of the living standard and cultural level of the people.<sup>16</sup> To carry out this main task, the congress provided for an increase in the gross national product of 41-45 per cent and in the national income of 38-41 per cent. It is envisaged to increase basic assets in the economy 55-60 per cent, with productive assets expanding 60-65 per cent. This calls for a 23-26 per cent increase in capital investment, out of which more than 70 per cent is to be channelled into branches of material production. The productivity of social labour is to go up 24-26 per cent, thus providing for two-thirds of the accretion of national income.<sup>17</sup>

Training of skilled personnel for all branches of the national economy is to be improved.

The allround growth of material production is to pave the way for a large-scale social development programme, which envisages improvements in the living standard and a rise of 10-12 per cent in real per capita incomes.<sup>18</sup>

A set of measures is envisaged to improve methods and forms of planning and management as the chief instrument for implementing the economic policy of the MPRP.

Special stress in the Guidelines is laid on expanding economic, political, cultural and ideological cooperation with the Soviet Union and other countries of the socialist community. The decisions of the 18th Congress of the MPRP devote special attention to agriculture, a leading branch of the country's economy. The task here is to ensure steady growth of production and higher efficiency, and thus secure fuller satisfaction of the growing demand of the people in food and of industry in raw materials, and expand exports. The average annual output of farm produce is to go up 22 to 26 per cent as compared with the previous five-year period. The overriding objective in animal husbandry is to ensure greater production of animal products by raising the livestock population and increasing its productivity. By the end of the five-year period the livestock population is to go up 4 to 5 per cent in conventional units, with average annual meat production rising 5 to 6 per cent, milk 9 to 11, butter 20 to 25, and wool 3 to 4 per cent.<sup>19</sup>

In crop farming the most important task is to secure a more stable growth of production, raising the average annual output of grain to 580,000-640,000 tons, potatoes to 80,000-90,000 tons, vegetables to 38,000-46,000 tons and forage plants to 130,000-180,000 tons.<sup>20</sup>

With a view to augmenting the resources of agricultural cooperatives and state farms, and to raising the living standard of the rural popula-

<sup>16</sup> *Proceedings of the 18th Congress of the Mongolian People's Revolutionary Party*, Moscow, 1982, p. 109 (in Russian).

<sup>17</sup> *Ibid.*, pp. 110-111.

<sup>18</sup> *Ibid.*, p. 113.

<sup>19</sup> *Ibid.*, pp. 116-117.

<sup>20</sup> *Ibid.*, p. 120.



tion, the guidelines provide for increasing the purchasing price of certain types of animal products. Improvements are envisaged in the system of economic incentives for increasing production, especially in animal husbandry and in the system of planning and management.

The main objective set by the 18th MPRP Congress in industrial development is that of meeting more fully the needs of the national economy and population in manufactured goods through better utilisation of production capacities, further buildup of the country's industrial potential, higher production efficiency and better quality of goods.

To attain this objective, gross industrial output is to go up 52 to 58 per cent and labour productivity 24 to 26 per cent. The congress set the following development rates for various industries: output of the fuel and power industry is to go up 66 to 72 per cent, mining industry 110-130 per cent, light industry 50 to 55 per cent, food industry 32 to 36 per cent, timber and woodworking industry 16 to 19 per cent, and building materials industry 70 to 80 per cent.<sup>21</sup> To secure these high development rates a large programme has been worked out to raise production efficiency and the quality of products.

To reach the plan targets in industrial production, the Guidelines provide for investments totalling 7,200 million to 8,200 million tugriks,<sup>22</sup> better planning and management, less non-productive spending, and considerable improvements in the wage and salary system and that of material incentives.

The seventh five-year plan of the MPR envisages all-out development of all modes of transport to meet the needs of the economy and population in travel and services. Freight carriage is to be increased 30 to 32 per cent and passenger carriage 24 to 25 per cent. Attention is called to the need for enlarging the use of draught animals in towns and within enterprises. Transportation costs are to be lowered through more effective performance of all modes of transport. Goods carriage by rail is to go up 33 to 37 per cent and passenger carriage 18 to 22 per cent. The fleet of locomotives is to be updated, the fleet of passenger and freight cars enlarged, the circulation of cars speeded up, and the average daily productivity of engines raised. Motor transport of goods is to be enlarged 18 to 22 per cent, and passenger carriage 22 to 24 per cent. Air transport of passengers on internal and external lines is to expand 31 to 33 per cent, and of goods 15 to 17 per cent.

Development of the single communications network is to continue in these five years, with telephone lines lengthened 40 to 45 per cent, and capacity of telephone exchanges increased 20 to 21 per cent.<sup>23</sup> Radio relay lines linking western and eastern aimaks with Ulan Bator are to be put into operation.

Capital construction will go on at a fairly high rate throughout the five years. The general volume of building and assembly is planned to grow 24 to 27 per cent, with building and assembly by Mongolian contractors expanding 45 to 50 per cent. The productivity of labour in building is to rise 25 to 28 per cent.<sup>24</sup>

Building resources and facilities are to be concentrated chiefly on completing nearly ready projects and building new projects of priority economic importance. Training of personnel for building is to be impro-

<sup>21</sup> *Ibid.*, pp. 124-125, 128

<sup>22</sup> *Ibid.*, p. 124

<sup>23</sup> *Ibid.*, pp. 131-134

<sup>24</sup> *Ibid.*, p. 135



ved, and measures taken to consolidate personnel in the building industry.

The 18th MPRP Congress set the task of enhancing the efficiency and quality of scientific and technical research, improving its planning and coordination, and the system of introducing scientific achievements and advanced techniques in production. Training of science workers is to be extended and research institutions are to be provided with additional facilities.

In scientific research stress is laid on cooperation with the Soviet Union.

The 18th MPRP Congress devoted much attention to social development and the people's well-being. The guidelines endorsed by the congress for 1981-1985 provide for a further rise in the living standard. Real per capita incomes are to go up 10 to 12 per cent, average monthly wages and salaries 4 to 6 per cent, and average cash incomes of members of agricultural cooperatives from socialised production and individual subsidiary holdings 20 to 23 per cent.<sup>25</sup>

A large housing programme is planned for the current five years. New houses will go up with a total floor space of 830,000 to 860,000 sq m. The volume of consumer services is to be increased 44 to 48 per cent.<sup>26</sup>

The higher rates of economic and cultural development and the need for broader use of scientific and technical achievements calls for further progress in other fields. It is planned to prepare the ground for gradual passage to universal secondary education of school-age children. New schools are to open for 52,000 to 57,000 pupils. The number of pupils in general schools will rise 10 to 12 per cent, and the network of vocational and technical schools is to be expanded to take in 4,000 more trainees.<sup>27</sup>

High targets have been set in the medical field. It is planned to extend the material facilities of medical institutions. The number of hospital beds is to be increased 14 to 16 per cent, and the number of beds in sanatoria and convalescence homes 15 to 18 per cent. From 6,000 to 7,000 physicians and paramedical workers are to be trained in these five years.<sup>28</sup>

In keeping with rising cash incomes and purchasing power it is planned to increase the turnover of state and cooperative retail outlets 27 to 31 per cent, the volume of utility services 23 to 27 per cent, and to expand and improve consumer services.

The five-year plan envisages a far-flung cultural development programme. The network of cinemas, libraries and museums is to be expanded. The publishing and printing industry is to be given further impulse.

The 18th MPRP Congress referred in glowing terms to the cooperation of the MPR with the fraternal socialist countries. It was stressed indeed, that the tasks set in the seventh five-year plan will be feasible only if this cooperation is expanded and deepened. Yu. Tsedenbal said at the congress: "For our country with its relatively limited manpower and limited material and financial resources, an indispensable role is played by the stable growth of economic integration processes with the Soviet Union and other socialist countries, by the expansion of joint international ownership of means of production, and the shaping and de-

<sup>25</sup> See *ibid.*, p. 139.

<sup>26</sup> *Ibid.*, pp. 145-146.

<sup>27</sup> *Ibid.*, p. 141.

<sup>28</sup> *Ibid.*, pp. 142-144.

development jointly with interested countries of international economic complexes for working the country's natural resources."<sup>29</sup>

The Guidelines provide for rational use of the technical and economic aid of the Soviet Union and other socialist countries, notably so in resolving the key problems of Mongolia's social and economic development.

It is planned to increase foreign trade 50 to 55 per cent as compared with the previous five years, with exports going up 55 to 60 per cent and imports 48 to 52 per cent. The quality and range of exports is to be improved.<sup>30</sup>

Under the guidance of the MPRP and relying on the selfless aid and support of and cooperation with the Soviet Union and other socialist countries, the people of Mongolia are hard at work carrying out the current tasks of socialist construction defined by the 18th MPRP Congress, and are making good headway.

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<sup>29</sup> *Ibid.*, p. 47.

<sup>30</sup> *Ibid.*, p. 147.

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## SOCIAL CHANGES AND POLITICAL STRUGGLE IN JAPAN

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[Article by Yu. D. Kuznetsov]

Major changes have taken place in the class structure of Japan between the Second World War and the present decade, changes which have considerably altered the social fabric of Japanese society. During the immediate postwar years they were caused by socio-political and economic transformations consequent upon the defeat of Japanese militarism in the Second World War (land reform, dissolution of monopoly concerns called the *Zaibatsu*, etc.). Subsequently, from about the mid-1950s the moving force behind these social changes was a drastic restructuring of the country's economy which evolved, moreover, at a rather high rate throughout the aforementioned period.

The scope and depth of the changes in social structure in such a comparatively short period were further increased under the impact of the scientific and technical revolution which unfolded exactly at this time. The diverse interactions of profound social change, with the revolution in science and technology proved a mighty stimulus to the rapid burgeoning of Japanese economy in spite even of numerous crises and slumps. The reconstruction of the country's economic and social fabric, unequalled in depth at that period either in the USA, or West European countries, constituted one of the so-called secrets of Japan's capitalist economy which ensured its high growth rates.

Among the most important social changes in Japan during the 1950-1970s, one should first name the growing army of hired labour: the steady proletarianisation of the able-bodied population. Between 1950 and 1980 the number of hired workers and employees increased from 14 to nearly 40 million, that is 2.8 times, their share of the employed population increasing from 39.3 to 71.8 per cent, or 1.8 times.<sup>1</sup> The population's proletarianisation is reflected in the growth of the working class from 13.9 million, or 38.2 per cent of the gainfully employed population in 1950 to 38 million, or 66.6 per cent in 1980.<sup>2</sup> This made the working class the main social force of Japanese society.

Along with the build-up of a mighty economic potential stemming from high economic growth rates, the postwar development of Japanese capitalism was also characterised by a notable increase of the capitalist class itself from 681,000 in 1950 to 2,700,000 in 1980. The share of the capitalist class among the gainfully employed population increased from 1.9 to 4.7 per cent respectively.<sup>3</sup> It would seem that the figures indicating the

<sup>1</sup> See *Results of 1980 National Population Census*, Tokyo, 1981, p. 242 (in Japanese).

<sup>2</sup> See *1980 Japanese Labour Almanac*, Tokyo, 1980, p. 51; *Akahata*, April 2, 1981 (in Japanese). Calculations of Japan's class structure are made by progressive Japanese scholars, for instance, R. Ohashi in the book *Japan's Class Structure*, and also by Soviet scholars (see, for example, *Japan*, Moscow, 1972) (in Russian).

<sup>3</sup> *Ibidem*.

size of the capitalist class cited by Japanese scholars are somewhat exaggerated mainly by including all those who call themselves "company directors and managers". However, the lower stratum of this group includes quite a number of small owner-producers, who declare their individual enterprises to be joint-stock companies, and styling themselves their directors for purposes of tax deductions, though not being in fact capitalists.

These changes in Japan's class structure strikingly reflect the continuous process of class differentiation. Present-day Japan fully corroborates Karl Marx's remark to the effect that the development of capitalism means more capitalists or bigger capitalists at one pole, and more hired workers at the other.<sup>4</sup>

On the other hand, the middle strata steeply diminished from 21.4 million in 1950 to 15.5 million in 1980, their share in the gainfully employed population dropping from 58.9 to 27.3 per cent respectively.<sup>5</sup> However, the different groups making up the middle strata were frequently characterised in the period under review by diametrically opposite processes. The total number of the predominant "traditional" part of the middle strata—independent proprietors together with the assistants, members of their families, in other words the size of the petty bourgeoisie of town and countryside, diminished from 1950 to 1980 by 6.2 million people. This occurred mainly at the expense of assisting family members, that is the unpaid workers whose numbers dropped by 5.9 million, though still numbering in 1980 almost 6.3 million. Thus, the stratum of independent owners *per se* remained actually intact, while its "net" diminution coming to about 300,000.<sup>6</sup>

The survival of the stratum of independent owners is the result of two social processes going in opposite directions. One of them is a nearly 1.5 times drop in employment (from 1950 to 1980) in agriculture and fishing, where small commodity farms and homesteads were predominant. The number of peasant homesteads in the same period dropped from 6,176,000 to 4,661,000. The other process was the growing number of urban independent proprietors in the manufacturing industry and transport (by 1.7 times), in commerce (nearly 1.5 times) and especially in the services (by 4.6 times). This growth was not only due to the endurance of small proprietors and their ability to adapt to the new economic structure, but also to the policy of monopoly capital as it strove to utilise small commodity production in its own interest for raising the exploitation rate of hired labour and their profit rates accordingly.

Even in its last stage capitalism cannot exist without a mass of small and smallest enterprises, without a mass of petty bourgeoisie. Japan vividly confirms Lenin's thesis whereby pure imperialism has never existed, nor does it exist and never will exist without the main basis of capitalism.<sup>7</sup>

The "modernisation" of the petty bourgeoisie, the qualitative changes in its structure at the expense of the diminishing numbers of assisting family members led to the preservation of the middle strata both socio-economically and politically. On the other hand, during the rapid growth of Japan's economy, the unfolding of the scientific and technical revolution and the changes in the economic structure, there occurred a rapid

<sup>4</sup> See K. Marx, *Capital*, Vol. 1, pp. 575-576.

<sup>5</sup> See *1980 Japanese Labour Almanac*, p. 51; Akahata, April 2, 1981.

<sup>6</sup> *Ibidem*.

<sup>7</sup> See V. I. Lenin, *Collected Works*, Vol. 29, p. 165.

expansion of "new middle strata": the scientific and technical intellectuals, free lance professionals, and also independent proprietors in new, advanced industries. In 1950-1980 the number of specialists owning their own businesses in different industries increased by 2.2 times—from 362,000 to 794,000.<sup>8</sup>

Despite differences still surviving, all these changes brought the social structure of Japan very close to those of other industrialised capitalist states. For example, in the early 1980s the proportion of hired labour among the employed population of Japan being at the level of Italy, not only considerably lagged behind Britain and the USA, but also behind the FRG and France. Yet the proportion of independent proprietors in Japan was somewhat lower than in Italy, somewhat higher than in France, but nearly twice the number in the FRG and more than twice higher than in the USA and Britain.<sup>9</sup>

On the whole, Japan's social structure preserves such specific features as a lesser degree of proletarianisation than in other industrial capitalist states, a more numerous stratum of independent proprietors and, consequently, a greater number of the middle strata, a comparatively greater number of capitalists on account of a rather broad stratum of the middle bourgeoisie.

As a result, the Japanese economy is still characterised by a so-called "dual structure", that is, the existence side by side of large modern monopoly enterprises and a vast sphere of petty and middle proprietorship and small-commodity urban production playing an important role in employment, in contributing to the GNP and exports. Small and middle-sized enterprises make up 90 per cent of Japanese firms which employ 75 per cent of the labour force, account for 51 per cent of the manufacturing industries' output, 54 per cent of wholesale and 80 per cent of retail trade and for 30 per cent of industrial goods exports.<sup>10</sup>

Small and middle-sized businesses play an important economic and social role, creating a vast sphere of employment not only for millions of independent proprietors, but for the majority of the working class employed in small and middle enterprises. The economy's "dual structure" forms a peculiar buffer between labour and capital. One of its functions is to alleviate working-class pressure upon the existing socio-political order and in this way to perpetuate this order.

In spite of major social changes in postwar Japan and the growing role of the working class, the political situation is characterised by comparative stability which finds expression in the fact that the same political party of the Liberal Democrats has now been in power for more than a quarter century. This party reflects the interests of monopoly capital and the bureaucratic elite. This situation notably differs from that in other industrialised capitalist states where one observes an alternation of ruling parties in the framework of a "two-party" system, or the formation of coalition governments in various combinations.

Hence the question: why the considerable changes in postwar Japan's social structure, particularly the emergence of the working class as a majority of the employed population, have not led to political changes of similar scope, in other words, to the transfer of political power from the monopolies to the working class? To answer it one needs to analyse the course of internal political struggles in the country, which repeatedly

<sup>8</sup> See *1980 Japanese Labour Almanac*, p. 51; *Akahata*, April 2, 1981.

<sup>9</sup> See *Results of 1980 National Population Census*, p. 293.

<sup>10</sup> See *Financial Times*, October 20, 1980.



assumed a rather sharp turn throughout the recent decades; to analyse the changes in the alignment of political forces during this time.

Japan's postwar history is mainly a history of sharp struggles between the political forces expressing the interests of the two poles of capitalist society—the monopoly bourgeoisie and the working class, struggles for utilising the structural changes in Japanese society in their own class and political interests, for winning over onto their side the constantly shifting, both in numbers and internal structure, intermediate strata and classes. The example of postwar Japan clearly demonstrates that the destinies of political and social development, the alignment of forces in the domestic arena largely depend on the ability of each of the two main confronting classes to win over to its side mass allies and fellow-travellers from the intermediate classes and strata.

When examining the course of political struggles in postwar Japan one must constantly match its development with the economic growth and structural changes in its society. This allows to single out three large periods, each of which is characterised by a specific alignment of political forces.

The first postwar decade may be called a period of formation of the two-party political structure (1945-1955). This was a period of postwar changes which affected the economy, the social structure, the political scene. During that period the economy regained its pre-war level and laid the ground for further advance.

The next 15 years may be regarded as a period when the two-party system evolved into a multi-party one (1955-1970), a period of such a restructuring and rapid growth of Japan's economy which placed the country among the leading capitalist states.

The third period in the domestic political struggles in Japan may be regarded a period of struggle between two opposing class-and-political forces to win allies. Its special feature is the search by intermediate forces of a so-called third road, that is illusory attempts to transcend the main class antagonism of bourgeois society. This is a period of painful transition from high to moderate economic growth rates, accompanied by deep cyclic and structural crises in Japan's economy. It began around 1970, yet opinions may differ about its ending: this will depend on how substantial and firm in the turbulent domestic political struggles of 1980 can one regard the impressive victory of the Liberal Democratic Party during the simultaneous elections to both houses of the Japanese Parliament. The situation in Japan fails so far to provide sufficient grounds for the conclusion on whether the year 1980 marked the end of the third period in the political struggles and alignment of forces, or the struggle is still going on. Such material may be provided by the forthcoming political battles of 1983 when several electoral campaigns are due.

When analysing the new alignment of forces in the political arena, it is frequently necessary to rely on parliamentary election returns. Such data, of course, cannot be regarded as an accurate reflection of the real alignment of forces, since Japan's electoral system contains elements of inequality, mainly in favour of the bourgeois parties. Nevertheless electoral results consolidate the actual alignment of forces for several years to come, and have a strong psychological impact on subsequent political struggles. Besides, in a long term analysis they help to discern certain tendencies in the political development of society.

When the postwar period began, the "starting positions" of the different political forces in Japan were far from equal. The bourgeois parties: the Progressive (Shimpoto) and Liberal (Jiyuto) that were formally

founded some time after the surrender of militarist Japan in September 1945, actually became heirs to the pre-war parties of Seiyukai (Constitutional Government Party) and Minseitō (Democratic Party), whose former leadership promptly grasped the initiative in the political struggle right after the war, with the support of the US occupying forces.

Meanwhile the left parties, especially the Communist Party, had to build up their organisations from scratch. The Communist Party of Japan, which for over 20 years operated underground and was subjected to fierce repressions, for the first time attained legality after the rout of Japanese militarism. The CPJ leaders were released from prison in October 1945 only. The position of the Socialist Party was also difficult: it formed in November 1945 by the unification of members of the pre-war social democratic parties and groups whose stands on important matters differed widely.

The first postwar years saw steep fluctuations in the alignment of political forces in Japan. They reflected the general instability caused by defeat in the war, economic depression, the break-up of the former political structure and the beginning of social changes. Most of the chief elements of the former ruling establishment—the absolutist monarchy, including the court, the landlords, the warlords, either disappeared from the political scene altogether, or were so drastically weakened by the postwar reforms as to be unable to notably influence the country's policy or the alignment of forces in the political struggles. The only dominant social forces of pre-war and wartime Japan to retain any influence were monopoly capital and the privileged bureaucracy. However, the monopolies' positions in the first postwar years were undermined by the dissolution of the Zaibatsu and other anti-monopoly measures. As to the top bureaucracy, even though in control of a powerful government apparatus, it could not play an independent political role, nor could it be effective without political support.

Amidst the general disarray of the ruling classes, the mounting working-class and democratic movement, the Japanese monopolies and bureaucratic state apparatus were unable to retain power and desperately needed to prop up their political positions. In this situation, the task of preserving the pillars of capitalism in Japan was shouldered by the US occupying forces. This exactly was the social point of the so-called reverse course policy, namely, the refusal of the occupying authorities to carry on democratic reforms. The class solidarity of imperialists at a moment critical to the bourgeois system proved stronger than competitive strife and rivalry. The US ruling quarters came to the rescue of their recent adversaries, in order to prevent Japan by every means from taking the road toward socialism, and thereby to preserve for a long time their influence on Japanese policies.

The collapse of the former ruling bloc caused considerable turmoil in Japan's bourgeois quarters which failed to adapt quickly to the new political situation and stabilise their positions. During the first postwar decade there were two large bourgeois parties in Japan, as if carrying on the pre-war tradition. Repeated mergings and splits, changing the names of the parties reflected the confusion that beset the Japanese bourgeoisie at that time.

In the first postwar elections to the House of Representatives of the Japanese Parliament in October 1946, the two bourgeois parties together failed to gain the support of even half the electorate, yet they received slightly more than half of the seats in the House. Yet the plight of the popular masses amidst postwar economic dislocation and runaway infla-

tion, the mounting working-class movement and the formation of a great number of trade unions and other mass democratic organisations, the increasing number of small urban masses and their growing discontent—all this eventually led to a noticeable increase in the influence of the Socialist Party. In the April 1947 elections to the House of Representatives it was backed by more than a quarter of the electorate, emerging first among all the political parties for the number of seats.

However, the bourgeois parties, as before, held the parliamentary majority and only sharp differences between them prevented them from agreeing on a joint cabinet. This paved the way for the creation of a coalition cabinet headed by the then socialist leader T. Katayama.

The assumption of power by the Socialists, even though in coalition with the bourgeois Democratic Party, reflected a shift to the left by the Japanese masses and a broader tendency towards the world correlation of forces changing in favour of socialism and democracy. But the Socialist Party of Japan (SPJ), its leadership at that time dominated by right-wing reformists, failed to grasp the favourable opportunities in the interests of the working class and other strata of the toiling people, of all the democratic forces of Japan. Cabinets including the Socialists kept hedging and compromising, on the one hand promising the toiling masses an improvement of their plights, and on the other, never daring to encroach on the privileges of big capital.

This undermined the prestige of the Socialist Party and T. Katayama's cabinet survived only ten months. Another coalition cabinet, which replaced it, also with the participation of the socialists, though in secondary positions, was in government for seven months only. Since October 1948 and till now the Japanese administration is invariably in the hands of bourgeois parties. As to the SPJ, it suffered a heavy defeat in the 1949 parliamentary elections, losing nearly half of its supporters among the electorate, and two thirds of its parliamentary seats. Thus, the only instance of Japan's socialists taking part in government, ended ignominiously.

The socialists' defeat was partially compensated for by advances made by the Communist Party of Japan, which indicated the survival of considerable leftist sentiments among the masses. The CPJ won about three million votes (nearly 10 per cent) and 35 seats. This was the first time the Japanese Communists scored such a success.

Meanwhile the bourgeois parties consolidated their positions considerably, gaining together more than two thirds of the mandates in the House of Representatives. This was one of the most important results of the land reform: upon receiving land the peasantry became less active in the democratic movement. Both the ruling circles of Japan and the US occupation forces regarded the mushrooming of small peasant farms and homesteads in the Japanese countryside as an important factor of social stabilisation in the interests of the conservative forces, as a means of turning the countryside into a social base of the bourgeois parties. These parties found another prop among the numerous urban middle strata, whose situation gradually improved along with the revival of the economy. Lastly, the consolidation of the bourgeois camp was promoted by actually putting an end to the democratic reforms by the occupying authorities, as a result of taking the "reverse course", a course towards strengthening Japanese reaction.

A definite stabilisation of the bourgeois regime in the late 1940s and early 1950s allowed it to launch an onslaught against the democratic forces, being directly supported by the occupation troops which regarded

as an excess even the assumption of power by the Socialists and were rather comprehensive over signs pointing to the growing influence of the CPJ. The late 1940s saw the beginning of trials on trumped-up charges and persecution of Communists and trade union activists. With the outbreak of the Korean war came repressions against the CPJ, which actually placed the party in a semi-legal position. The trade unions launched a so-called purge of the reds, ousting Communists and sympathisers from positions of leadership. In 1950 a "reorganisation" of the trade union movement in Japan was carried out: a new national trade union centre, the General Trade Union Council (SOHYO) was founded, designed as an obedient tool of class collaboration, yet it failed to justify such hopes, turning into a militant organisation of the Japanese working people. Then, in 1951, rightist forces succeeded in splitting the Socialist Party.

As a result of the weakening of the democratic forces the bourgeois parties held sway in the country's political life during the first half of the 1950s. This domination, however, was neither firm nor lasting. Sharp differences among the bourgeois parties in their struggle for leadership, and new changes in the social structure (rehabilitation of the economy and the growth of the working class, expulsion of labour from the countryside to meet the needs of industry, which undermined the social base of the bourgeois parties) somewhat weakened the positions of the bourgeois camp. In the 1955 parliamentary elections the bourgeois parties lost their absolute majority (that is, two thirds of the mandates) in the House of Representatives they had enjoyed for six years. Since then the conservative forces were never able to regain two thirds of the parliamentary seats, which had crucial political consequences: it frustrated the reactionaries' intention to revise the constitution in force.

These alarming tendencies prompted the ruling camp to rally. In 1955 the Democratic and Liberal Parties merged into what became the Liberal Democratic Party and the sole champion of the interests of monopoly capital, which gave it powerful support.

The same year saw the reunification of the left and right Socialist Parties, thus restoring a single SPJ. Thereby a two-party system actually evolved in Japan, since the Communist Party in 1955 had just returned to legal activity and was busy regaining its positions among the masses, largely lost in the first half of the 1950s.

This consolidation of the two opposing political camps took place at a time when economic rehabilitation was completed and social relations in the countryside changed under the impact of the land reform. A certain stabilisation of the alignment of political forces reflected the situation in the country stemming from the postwar transformations and the social changes they brought about.

But the stabilisation reached by the mid-1950s was relative, since the rapid economic growth which soon followed its restoration to the pre-war level, changes in the economic structure, due to the appearance and development of new industries, paved the way for new deep-going social shifts, above all enhanced proletarianisation of the population and the growth of "new" urban middle strata.

Changes in the structure of the employed population—reduced employment in the primary industries (agriculture, forestry, fishing) and its increase in the secondary ones (industry, transport, communications), and then in the tertiary sectors (commerce, the services, etc.) found reflection in the political struggles. This was manifested in the steady decline of the Liberal Democratic Party's influence and the consolidation of forces championing economic and social reforms.



Even the unification of the conservative forces was unable to overcome the electorate's tendency to withdraw their backing from the ruling camp since the beginning of the 1950s (1952—66.1 per cent, 1953—65.7 per cent, 1955—63.2 per cent). The 1958 parliamentary elections furnished the LDP with only 57.8 per cent of mandates. In contrast, the Socialist Party somewhat strengthened its positions and after reunification secured more than one third of the mandates in the 1958 elections. Thus, it was able to block LDP attempts to revise the constitution even on its own.

The new situation that evolved in the mid-1950s in domestic politics seemed to create opportunities for the entrenchment in Japan of a British-type two-Party system. However, the further development of the social structure put formidable obstacles in this path. The political situation in the country was moving in the same direction.

Around 1960 the working class already made up more than half of the gainfully employed population, its size exceeding that of independent proprietors together with the assisting members of their families. This notably enhanced the role of the working class and its political parties and organisations in the country's public life. Just at that time, in the mid-1950s, the Communist Party of Japan launched a drive to become a mass vanguard party. With the enhanced influence of its left wing the Socialist Party, too, grew more militant and vigorous.

This new situation was clearly manifested in a broad and truly nationwide struggle, unfolded in 1959-1960, for the abrogation of the Japanese-American "security treaty". Close cooperation by the Communist and Socialist Parties, the trade unions and other mass democratic organisations imparted a mass character to the struggle, unprecedented till then in Japan, during which a united front of democratic forces came, in fact, into being. Though it failed to prevent the signing of the new Japanese-US "security treaty", the Kishi government was forced to resign in 1960 under the onslaught of the popular masses, in spite of the majority the Liberal Democratic Party commanded in parliament. Moreover, the planned visit to Japan of the then US President Dwight Eisenhower had to be cancelled.

The mass struggles against the "security treaty" seriously alarmed Japan's ruling circles, who feared a destabilisation of the LDP regime. In the early 1960s the view gained wide currency in the country whereby further social changes, above all the growth of the working class and the diminishing of the peasantry, will further weaken the LDP's positions with the latter losing political power altogether.

To prevent such an undesirable turn of events, the ruling circles took radical measures. In 1960 the Ikeda cabinet announced a so-called income-doubling policy: by somewhat raising the earnings of the working people, it tried to distract them from political struggles and inculcate consumer interests among them. This policy was largely aimed at winning the urban middle strata over to the side of the ruling party.

In 1961 Parliament passed the fundamental agricultural law, envisaging "structural improvement" of agriculture by creating large modern capitalist farms, reducing employment in agriculture, ousting the poorest peasants from the countryside. The agrarian policy of the ruling circles specifically embodied in this law was aimed at the turning of the small-commodity peasant economy into a farmer-type capitalist economy, at the mass migration of excessive labour from country to town for meeting the rapidly growing needs of industry and other branches, in the interests of monopoly capital. The course was taken for the preeminent development of such "viable farms", whose income would at least equal the income of



an average urban family. Such homesteads were called upon to constitute the mass support of the LDP in the countryside under the new conditions of Japan's rapidly burgeoning economy.

The "dual structure" of the economy still evident after rehabilitation to its pre-war level, proved viable also in the period of economic reconstruction at high growth rates. The diminishing number of peasant homesteads resulting from the stratification of the peasantry and its mass outflow to the cities was in some measure compensated by the increase of small proprietorship in the towns, first of all in trade and the services. Whereas in 1950 the peasants accounted for 77 per cent of the independent proprietors, by 1965 the share of the urban petty bourgeoisie among them reached 39 per cent, that is, by more than 50 per cent in 15 years.<sup>11</sup>

Thus, independent producers were increasingly concentrating in towns and cities, predominantly in the latter, with their particularly rapid growth of population and the concurrent growth of retail goods turnover and demand for services. The "new" urban middle strata, including the intellectuals, were also concentrating in large towns and cities. The sharpening competitive struggle consequent upon the growth of the number of small enterprises in the towns, the diminishing status of the intellectuals along with the massive growth of this stratum, and the increasing monopoly oppression aroused the discontent of the urban petty bourgeoisie and other urban middle strata, gradually bringing about changes in the political orientation of their different constituent groups.

Inner changes in the composition of the petty bourgeoisie (diminishing number of peasant homesteads, increasing number of independent producers in towns) led in the early 1960s to the weakening of the Liberal Democratic Party's mass base. In these circumstances the LDP pinned great hopes on the growth of "new" urban strata, whose differentiation in that period had not yet reached great scope and the overwhelming majority of whom were still under the illusions concerning their "special" status, differing from other sections of working people.

However, the waning influence of the LDP in the increasing stratum of independent urban proprietors and among the unorganised workers of small and middle-sized enterprises, whose numbers also increased, created a certain vacuum in the alignment of forces, which at the time could not be filled by the left parties owing to their limited possibilities. This objectively paved the way for the appearance in Japan of new political parties of a centrist nature.

The departure from the two-party system began in 1960 when the right-wing grouping of the Socialist Party split off and formed a right-wing reformist Democratic Socialist Party. Though objective conditions did exist for the formation of such a party seeking the support of the most privileged part of the working class and the urban middle strata, particularly their "new" groups, the immediate motives of its emergence were political, primarily due to the reactionaries' attempts to undermine the democratic forces' unity forged in the struggle against the Japanese-US "security treaty" in 1959-1960.

At the same time there were deeper and long-term social causes for the creation of the DSP. The prospects for the further growth and consolidation of the working class, particularly rapid in view of the high rates of economic development which the ruling circles were intending to maintain, seriously threatened the political domination of the Liberal Democrats, while the aforementioned tendencies in the development of the petty

<sup>11</sup> See Ryūken Ohashi, *Japan's Class Structure*, Tokyo, 1977, p. 84 (in Japanese).

bourgeoisie, its sentiments and behaviour compounded the difficulties of the ruling party still more.

The emergence of the DSP in these circumstances securing the political split of the working class, objectively offered a measure of relief to the Liberal Democrats, which affected the 1960 parliamentary electoral returns. The ruling party increased its mandate in the House of Representatives, though the proportion of votes cast for it continued to decrease (down to 57.6 per cent). The split cost the SPJ nearly two million ballots and 21 mandates, 17 of them going to the DSP which asserted itself in those elections as an independent political force. The right-wing reformist trade union association Zenro Kaigi assisted by the employers, united trade unions organised at enterprises springing up in new industries, and became its mass base. The design was to draw the workers of Japan's key industries into trade unions following a line of labour-capital collaboration, while preventing the consolidation of the left wing of the working-class movement and its political parties, the SPJ and the CPJ. Later, in 1964 the right-wing reformist trade unions were united, for the same purpose, in the single trade union centre the All-Japan Labour Confederation (Domei), which became the main mass base of the DSP.

Japan's high economic growth rates furthered the expansion of small and middle enterprises and the rapid increase of employment in this sphere. However, the majority of workers employed at small and middle enterprises remained outside trade union influence (in the late 1950s no more than 34-35 per cent of Japanese workers were organised).<sup>12</sup> Different political parties vigorously vied for influence among the unorganised workers who numbered 18 million in the mid-1960s, yet failed to score any noticeable successes in rallying them to their side.

This was skillfully used by Soka gakkai, the influential mass Buddhist organisation whose membership was about 10 million in the early 1960s. It launched vigorous activities in the lower strata of the urban population, including the workers of small and middle enterprises, maintaining that a new, more humane and compassionate religion will bring them not only comfort and consolation, so much needed in their hard life, but will achieve changes for the better. The Soka gakkai appealed first of all to those rather numerous urban elements who had only recently left the countryside and not yet found a stable position in the new life and for that reason needed every kind of support.

Strongly bidding for greater influence among the urban lower strata, the Soka gakkai found itself drawn more and more into the political struggles. As Japanese legislation prohibits religious organisations from engaging in politics, the Soka gakkai set up the so-called Clean Government League in order to run in parliamentary elections; in 1964 it was transformed into the Clean Government Party (Komeito). The new party, which was mainly petty-bourgeois in character, sought the support of the unorganised urban lower strata among which the Soka gakkai had enjoyed rather wide influence by that time.

The emergence of Komeito concluded the second decade of Japan's postwar socio-political development; its most important political characteristic being the formation of a multiparty system. By the mid-1960s the Communist Party of Japan, whose influence among the masses continued to grow, turned into a mass party, some 300,000-strong. The multiparty system was, in a way, a product of Japan's rapid economic growth and the increased structural complexity of its society.

<sup>12</sup> See *1974 Japanese Labour Almanac*, Tokyo, 1974, p. 191 (in Japanese).

The parliamentary elections held in 1967 and 1969 revealed a new alignment of forces in the multiparty framework. The electoral returns showed that the new forces emerging on the political scene made inroads into the positions of the "traditional" parties. The electorate voting for the LDP continued to diminish (48.8 per cent in 1967, 47.6 per cent in 1969). The ruling party also lost part of its mandates. Heavy losses were sustained by the Socialist Party (140 mandates in 1967, 90 in 1969). The DSP and Komeito gained prominence on the political scene with 30 and 25 mandates in the House of Representatives respectively. The CPJ was able to send 14 deputies to the Lower House, which was a success.

On the whole, the 1969 electoral returns to the House of Representatives demonstrated that the so-called system of two big parties came to an end. A special feature of the multiparty system which replaced it was that it formed "to the left of the LDP", in the opposition; though failing to substantially shake the positions of the ruling party, it seriously undermined the influence of the biggest oppositionary party, the SPJ.

In new conditions four oppositional parties confronted the Liberal Democrats, instead of one. This sharpened the political struggle, not sparing the ruling party either, though it found it easier to maintain its domination, particularly amidst the controversies between the oppositional parties somewhat due to their common social base and, consequently, to their exertions to influence the masses. The new political situation was strikingly illustrated by the comparative ease with which the government was able in 1970 to prolong indefinitely the Japanese-US "security treaty". However hard it tried, the opposition was unable to unfold a mass protest movement even distantly resembling the nationwide campaign against the military alliance with the USA of 1959-1960.

Such social changes in Japan as the growing army of hired labour, the more elaborate composition and structure of the working class, industrial and territorial migrations of great masses of labour, the expansion of the "new" middle strata, and also the development of the multiparty political structure—all this posed the crucial question of who will the middle strata and the political forces expressing their interests, the centrist parties (DSP and Komeito) side with: the monopoly bourgeoisie or the working class. The fight to win allies turned into one of the main motive forces in the political struggles in Japan during the 1970s.

Ever since the late 1960s the increasing number of political parties prompted the practice of collaboration by a number of opposition parties (SPJ, CPJ and also Komeito) in the struggle for the common demands contained in their programmes, primarily for changing the country's policy with greater account of the interests of the popular masses. However, such collaboration was in the main episodic. Only the DSP leadership, invariably adhering to anti-communist positions, stubbornly opposed any joint actions with the Communist Party. Not infrequently the DSP would support the policy of the Liberal Democrats, doing so also in parliament, more and more frequently being described as the "second conservative party".

Collaboration by opposition parties was more easily organised in the provinces, in prefectures and towns, especially when electing municipal bodies. This began during the immediate postwar years with the election in some prefectures of governors supported by the progressive forces. However, at that time these were mere episodes, though the joint socialist and communist candidate T. Ninagawa elected governor of Kyoto prefecture in 1950, held the office for nearly 30 years.

On the crest of the mass democratic movement against the "security treaty" in the late 1950s and early 1960s democratic candidates became

mayors of a number of large cities: Yokohama, Kyoto, Osaka, Fukuoka, Kitakyushu, Sendai, Okayama. In 1967 the SPJ and the CPJ, the Komeito, progressive trade unions and other democratic organisations had their joint candidate elected governor of Tokyo (reelected in 1971 and 1975). This success sparked off a kind of "chain reaction" in the formation of democratic local administrations. In subsequent years the democratic forces acting jointly (the core of this joint struggle was collaboration of the Socialists and Communists), they won the elections running for governors of the Osaka, Okinawa and Saitama prefectures and for the mayors of the cities of Kobe, Nagoya and some others.

In 1959 three governors (out of 46) and 30 mayors of large cities (out of 112) represented the democratic forces. By 1974 the number of governors elected through the collaboration of progressive forces increased to seven, and the number of large city mayors to 47 (out of 163).<sup>13</sup> Toward the end of 1974 the number of members of the progressive town mayors association reached 136.<sup>14</sup> The total number of local municipalities administered by representatives of the democratic forces increased in 1967-1977 from 50 to 210, representing populations of 5 million and 48 million respectively.<sup>15</sup> In other words, more than 42 per cent of Japan's population lived in areas governed by local administrators elected on the tickets of collaborating democratic forces.

It was especially important that these victories by the joint candidates of the democratic forces in elections to local municipalities took place in the biggest cities and most important industrial districts where the bulk of the working class was concentrated. Practically all the large cities and the most important industrial districts of the Pacific coast, playing a key role in the country's economy, came under democratic local municipalities by the mid-1970s. The left parties in these districts scored considerable gains during parliamentary elections as well.

Of course, local democratic municipalities could not change the country's political regime, leave alone the socio-economic system. They depended on the central government for financing and a number of other important matters. Nevertheless, the actual formation of a united democratic front in the provinces and the transition into its hands of a number of important local municipalities posed a real threat to the political regime of the Liberal Democratic Party.

The election of democrats to many posts in local municipalities took place against the background of steeply sharpening problems facing the cities (environmental pollution, housing and transportation crises, etc.), caused by high economic growth rates, increasing urbanisation and concentration of the population in cities. The LDP was unable to elaborate and suggest effective measures to cope with these problems, which sparked numerous protest movements by local citizens. The discontent of city dwellers over LDP policy became the force which led to the appearance of local democratic municipalities in many areas.

The slowing down economic growth rates from the early 1970s followed by the 1974-1975 economic crisis exacerbated the contradictions of Japanese capitalism, the country's economic and social problems, thereby undermining the positions of the ruling party. The big cities turned into strongholds of the progressive forces and in considerable measure escaped the Liberal Democratic influence. The ruling party became increasingly a

<sup>13</sup> See *Local Administration*, Tokyo, 1971, pp. 394-405 (in Japanese).

<sup>14</sup> T. Tsutsumi, *Progressive Local Municipalities*, Tokyo, 1978, p. 46 (in Japanese).

<sup>15</sup> See XIV Congress of the Japanese Communist Party, Tokyo, 1977, p. 74.



party of the countryside and towns, for it was there that it reaped most of its electoral ballots. Yet the steep diminution of the rural population seriously undermined this base, as reflected in the steady decline of the electorate voting for the LDP (47.6 per cent in 1969, 46.9 per cent in 1972 and 41.8 per cent in 1976). Diminishing in parallel was the number of deputies to the House of Representatives elected on the Liberal Democratic ticket: 288 in 1969, 271 in 1972 and 249 in 1976, or less than half the seats in the House.<sup>16</sup> In 1976 the ruling party succeeded in retaining its majority in the lower chamber, essential for forming a one-party cabinet, only after a number of "independent" deputies joined its parliamentary group.

Over a number of years the electors disillusioned with the LDP kept giving their votes to the DSP and Komeito—the centrist of "middle-of-the-road" parties, which proclaimed the "middle road" between the right and left courses or, on a broader plane, between capitalism and socialism, as the main plank of their policy. Their growing influence in the late 1960s and early 1970s was largely due to the mass withdrawal from the LDP of its former followers. However, this process went on unevenly, with the "middle-of-the-road" parties' influence now rising, now falling. These ups and downs reflected the vacillations of the petty-bourgeois masses on whose support the Komeito and the DSP largely relied. Moreover, neither the DSP nor Komeito were able to offer any really positive alternative to LDP policies. It was not always that the "middle-roaders" coped with their main task of holding under their spell the mass of the electorate discontented by LDP policy, and preventing them from shifting toward the left parties.

In the first half of the 1970s the Communist Party of Japan largely strengthened its positions and influence among the masses; it had turned into a major force consistently coming out against monopoly capital and its spokesman—the ruling party. At the time of the 13th CPJ Congress (November 1973) its daily paper *Akahata* had a printing of 600,000 and its Sunday issue reached 2.2 million. The mass of *Akahata* readers with whom the party strives to keep constantly in touch, in a certain fashion forms a base for the party similar to what SOHYO is for the SPJ, Domei for the DSP, and Soka gakkai for Komeito. The CPJ outlined a broad programme for resolving the country's most urgent foreign and domestic problems, a programme countering the government's policy preeminently serving the interests of monopoly capital. This was an important advantage for the CPJ over other oppositional parties.

In the situation prevailing in domestic politics by the mid-1970s, none of the four oppositional parties then in existence could rival the LDP in the struggle for power which began to slip out of the hands of the ruling party. The developmental dialectics of a multiparty system prompted the need of collaboration among the opposition parties for pooling their efforts in fighting the government of the monopolies.

This tendency was in full accordance with the objective processes taking place in the structure of Japanese society. The similarity of interests of the working class and the urban and rural middle strata—all of them exploited by the developing state monopoly capitalism; the sharpening contradictions between these classes and strata on the one side and monopoly capitalism on the other, offered objective prerequisites for the emergence of a broad anti-monopoly alliance, which could take the political form of a united democratic front.

<sup>16</sup> See *Japanese Statistical Almanac*, Tokyo, 1979, p. 638 (in Japanese)



Set forth in the 1970s were three formulas or models of a political bloc by opposition parties capable of challenging the LDP. The Communist Party put forth the slogan of a united democratic front of joint actions by communists and socialists as its backbone. The Socialist Party stood for collaboration by all the opposition parties. The DSP suggested a bloc of opposition parties, excluding the CPJ. The Komeito vacillated mostly between the positions of the SPJ and the DSP. However, because of the controversies between the opposition parties, neither of these conceptions came to fruition. It proved impossible to organise a united front on a nationwide scale.

The Democratic Socialist Party, which in the early 1970s flatly rejected any collaboration with the Communists, put forth the idea of "reorganising the opposition parties", envisaging either the unification of the DSP, Komeito and the SPJ (or its right wing) into a new party of the rightist reformist kind, or the formation of a "three-party coalition" of the same composition. Such a new party, the embodiment of the "third road", was supposed to lean on urban middle strata and also part of the working class as its social base.

The purpose of both these versions of "reorganising the opposition parties" was to isolate the Communist Party and create a bourgeois two-party system in Japan, or, when all is said and done, to consolidate the existing regime. The reorganisation was to be accompanied by a "unification of the labour front", that is, the actual dissolution of SOHYO and other trade unions upholding the line of class struggle, and creating a new nationwide trade union confederation along lines of labour-capital collaboration.

The implementation of these plans was aimed at helping monopoly capital to perpetuate its dominating influence on the country's political life in a time of major social change characterised by the growing strength of the working class and of its ties with other strata of working people. However, attempts to transform the existing structure of political parties for stabilising the existing establishment in the 1970s suffered a fiasco: the centrist parties had too little influence and, moreover, they were not always able to reconcile their different views.

Yet support for the centrist parties came unexpectedly in the mid-1970s with the appearance of two new political organisations. In 1976, a group of young deputies left the LDP in protest against the corruption which ran riot among the ruling party. It was brought to light with the exposure of the scandalous machinations in the bribery affair involving the Lockheed Aircraft Corporation of the US. The true reason for establishing the New Liberal Club (as the new organisation was called) was the wish to create through political manoeuvring a conservative party, more attractive to the masses, in case the LDP would prove unable to hold on to power. The NLC was expected to put an end to the departure of the disillusioned masses from the LDP, to prop up the ruling party if it finds itself in serious trouble. The new party was backed by "young groupings" of big capital.

Six months after its formation, at the 1976 parliamentary elections, the NLC won 2.3 million votes and 17 mandates, which made it a noticeable political force at once, more "to the right" than the centrist parties. The multiparty system went on developing, though the direction was basically different this time: the new organisation was established by separating from the ruling LDP, having damaged it heavily. Previously new political parties emerged by splitting the existing opposition, or were quite new parties, but more "to the left" than the LDP.

The next step in the direction of a multiparty system was the formation in 1978 of a new grouping, the Social Democratic Union, by right-wingers who had earlier left the SPJ. This organisation, which from the very inception adhered to rightist reformist positions, never developed beyond a "mini party" as it failed to gain any notable mass support; its foundation, however, did somewhat weaken the positions of the SPJ.

The New Liberal Club and the Social Democratic Union increased the centrist opposition, nearly always collaborating with "middle-of-the-road" parties, though the NLC gave effective support to the ruling party from time to time.

Elections to both houses of parliament in 1977 and 1979 reduced the Liberal Democrats' majority to a minimum. An unprecedented parliamentary situation evolved, when the alignment of forces between the ruling party on the one side and the opposition on the other was near parity. For carrying bills through parliament the LDP had to resort more and more often to the support of the centrist opposition or at least part of it.

It seemed that the Liberal Democrats were about to lose the reigns of government or at least their monopoly position as the ruling party. The opposition camp, especially its centrist members, began speedily advancing various projects of a coalition cabinet. Failing to create a broad bloc of opposition parties, two agreements on the programme of a possible coalition government appeared toward the end of 1979 and early in 1980: one between Komeito and the DSP, the other between Komeito and the SPJ. One of the Komeito's terms of agreement with the SPJ was the socialists' rejection of collaboration with the Communist Party, and the SPJ accepted this condition under pressure of its right wing. This sharply reduced opportunities for joint actions by left forces at a critical moment in the sharp political struggles of the early 1980s.

However, the hopes of the centrist opposition to attain power in one or another form were dashed when in the late 1970s the LDP began regaining its positions. This became possible as a result of the operation of quite different factors.

First: in order to strengthen its positions among the urban middle strata, the ruling party adopted, in the second part of the 1970s, a number of measures in support of small and middle enterprises severely undermined by the economic crisis of 1974-1975. Under a law passed in 1976, the small and middle proprietors who sustained losses during the crisis were granted allowances in financing and taxation, in order to enable them to engage in other businesses. Another law, passed in 1977, was aimed at restricting incursions by big capital into the small and middle business, and still another law on preventing the bankruptcy of small and middle enterprises. Also in 1977 the government decided to raise to the unprecedentedly high level of 35.2 per cent the share of the output of small and middle enterprises to be purchased by the state.<sup>17</sup>

Second: the government stubbornly perpetuates the system of state purchases of rice produced by peasants, introduced as early as during the Second World War. The state guarantees the peasants not only compensation of the rising costs of rice-growing, but also a certain profit. It bears annual heavy expenditure for allowances to peasant rice producers, covered at the expense of the consumers and tax-payers. The government preserves this system even in spite of objections on the part of big business, interested in reducing the costs of agricultural production, since this system helps to perpetuate support given to LDP by a considerable part of

<sup>17</sup> See 1978 *Asahi Yearbook*, Tokyo, 1978, pp. 361-362.

the peasantry. For the same purpose a law on arable land passed during the first postwar years was revised in 1980 to permit the payment of rent not only in cash, but also in kind.

Third: the government and the ruling party artificially preserve the inequality of electoral districts regarding the number of votes necessary for election to parliament. By means of this political mechanism, the LDP retains its positions despite the dissolution of the peasantry—one of its crucial social bases. At present, as a result of the mass migration of the population from the countryside into the towns, election to parliament from a rural district requires 2-3 times fewer votes than in large urban agglomerations. This greatly helps the LDP retain its parliamentary majority even without the support of the majority of the country's population. In 1976 the Supreme Court of Japan ruled that the disparity of parliamentary representation between sparsely populated and overpopulated electoral districts is unconstitutional,<sup>18</sup> however the ruling did not alter the existing practice, backed by influential members of the ruling party.

Fourth: the regaining by the LDP of its positions was facilitated by the broad drive of 1977-1978 to increase its membership. As a result, its membership more than tripled, exceeding 1.5 million, which is more than double the membership of all the opposition parties taken together,<sup>19</sup> though of course, many of the new members were drawn into the LDP purely nominally. In 1979 the membership of the LDP was over three million.

Fifth: in the late 1970s the ruling party began broadly resorting to collaboration with the centrist opposition in a bid, on the one hand, to extend its base, and on the other—to forestall joint actions by the opposition as a whole. The LDP's collaboration with the centrists assumed particularly wide scale during local municipal elections. In 1977-1979 candidates of the Liberal Democrats won the elections as governors in 34 out of the 37 prefectures where elections were held, and were elected as mayors in 268 towns and cities out of 328.<sup>20</sup> In the majority of cases the same candidates were supported by the centrist parties as well.

Sixth: the unusually broad appeal of the LDP to the masses initially helped it win over to its side part of the undecided strata of the population, which became very important politically in the late 1970s. Massive disillusionment over LDP policies in the preceding years was not accompanied by an adequate increase of the influence of the opposition parties, but gave rise to political indifference. Public opinion polls indicated that the percentage of the electorate which voted for no political party at all in the second half of the 1970s, fluctuated around 30 per cent, reaching 31.5 per cent in May 1979.<sup>21</sup>

Seventh: the weakening onslaught of the working class against the pillars of state monopoly capitalism caused by the lasting economic crisis and slump was an important factor in the revival of the LDP's influence. It was during the slump, in the second half of the 1970s, that a certain weakening of the Japanese working people's struggle was observed, the traditional "spring offensives" included. Whereas the number of labour conflicts recorded in Japan in 1974 was 9,581, involving 5,325,000 people,

<sup>18</sup> See *Japan Times*, September 16, 1978.

<sup>19</sup> *Ibid.*, November 11, 1978.

<sup>20</sup> See *Japan Times*, January 23, 1978, *Tokyo Shinbun*, December 28, 1978; *Asahi*, February 2, 1980.

<sup>21</sup> See *Yomiuri*, March 10, 1979.

the number of conflicts in 1980 dropped to 3,737, with only 1,768,000 persons involved.<sup>22</sup>

A definite decline in working-class struggles took place in considerable measure under the pressures of chronic and mass unemployment. Since 1975 the country had more than one million completely jobless people, and since 1976 more than two per cent of the total workforce have been unemployed.<sup>23</sup> At the same time there is considerable partial unemployment (according to some estimates, involving 2.5 million persons, or 6.5 per cent of the workforce).<sup>24</sup> The bourgeois state and monopoly capital utilised mass unemployment for pressuring the working class and its organisations, to make them more "tractable", to create a social climate more favourable to themselves in the country. In this they were greatly helped by the rightist reformists of the trade union movement, which kept plotting to subordinate all the trade unions to the ideology of class collaboration.

All these factors helped the ruling party not only to overcome the acute political crisis which broke out in the spring of 1980, as a result of the unprecedented vote of non-confidence in the Ohira cabinet, but also to score an impressive victory in the simultaneous elections to both houses of parliament in June of the same year. For the first time in a number of years the LDP increased its mandate in both houses, gaining a firm majority. The percentage of the electorate voting for the ruling party increased to 47.9.

The events of the late 1970s demonstrated the failure of centrist attempts to grasp the political initiative during the multiparty period and present a coalition of "middle-of-the-road" parties as the best response to the difficult problems arising in the new situation. The centrist conceptions failed to win firm support among the masses who rejected the "middle-of-the-road" idea. The centrists, however, were able to disrupt the unity of the left forces, the only alternative to monopoly domination.

Why, then, did the major social changes in postwar Japan fail to bring about political changes such as the formation of a new majority leaning on the working class and other toiling masses?

Aware of the danger threatening the existing order, monopoly capital came out in firm solidarity throughout the entire postwar period. The "big four" of the higher organisations of monopoly capital (Keidanren, Nikkeiren, Keizai doyuukai and Nisshyo) point not to a split of the monopolies into individual groupings, but to a functional "division of labour", whereby two of these organisations (Nikkeiren and Nisshyo) serve for implementing capitalist policy in regard to two other classes of Japanese society—the proletariat and the petty bourgeoisie. The "big four" proved capable of consistently upholding the monopolies' class interests while not permitting excessive sharpening of conflict situations in the ruling camp, or rampant rivalry between monopolies: the latter managed to achieve unity of political forces representing and expressing their interests. Big capital was standing behind the consolidation of the conservatives—the actual main motive force behind the formation of the LDP.

On the other hand, the working class was unable to secure the unity of its ranks. The organisation of workers into trade unions which reached 55.8 per cent in 1949, was only slightly over 30 per cent in 1980.<sup>25</sup> The or-

<sup>22</sup> See *Asahi nenkan*, 1982, p. 391.

<sup>23</sup> See *Labour Statistical Review*, Tokyo, 1981, p. 86 (in Japanese).

<sup>24</sup> See *Japan Times*, February 6, 1979.

<sup>25</sup> See *Japan's National Census in Tables and Diagrams*, Tokyo, 1981, p. 216.



ganised trade union movement has been split for more than thirty years and is represented by four trade union centres pursuing different policies. Part of the trade union movement is under the ideological influence of capital, preaching ideas of class collaboration, speculating on the desire of the working class for unity and attempting to persuade all the trade unions to reject class struggles. These attempts are resisted by the working masses, but supported by the monopolies, they still continue.

Four political parties: the CPJ, the SPJ, the DSP and Komeito lean on various strata of the working class, to one or another degree. The mass social base of these parties does in certain measure coincide, serving as a source of rivalry between them, hindering collaboration and unity of actions. Even when in May 1980 the LDP was brought by internal strife to the brink of losing political power, the opposition was unable to unite its efforts in order to form a cabinet of its own.

The struggle between the bourgeoisie and the working class for influence over the middle strata went on with capital in the lead. The monopolies and the LDP on the whole preserve their influence over the old middle strata in town and particularly in the countryside. A considerable part of the "new" middle strata also succumbs to the ideological and political domination of big capital which opposes these strata to the working class, trying to build a wall between them and prevent the formation of a broad anti-monopoly alliance. Part of the "new" middle strata supports the DSP and Komeito, which was one of the reasons why these parties moved to the right. At the same time, the Communists are actively working among the middle strata, and scoring notable successes.

Through small and middle proprietors, big capital and the LDP succeed in spreading their influence to a considerable part of the unorganised workers (more than 26 million), particularly those employed in small and middle enterprises.

The Liberal Democrats were able to split the opposition and win its rightist centrist part for collaboration. Actually this expanded the base of the existing regime.

All these processes, however, do not mean that the monopoly domination has been consolidated for long. On the contrary, the process has in fact begun of the erosion of LDP power, particularly conspicuous in localities where the conservatives are in most instances unable to retain leadership of the local municipalities without the help of the centrist parties. The spread of this process throughout the nation is apparently a question of time.

The lasting existence of the LDP's one-party regime can be largely explained by the emergence of the centrist parties which won over to their side part of the people disgruntled by conservative policy; the centrists formed a kind of "buffer zone", cushioning the clash of progressive and reactionary forces. The place of the centrist parties in the domestic political spectrum of Japan is objectively determined by the survival of comparatively numerous middle strata. As long as a considerable part of them is oriented towards the LDP, its one-party rule and the centrist parties' rightist bias will prevail.

This orientation of the middle strata is due to the fact that the Liberal Democrats were able for a number of years to meet their interests, by smoothing the internal contradictions of Japanese capitalism at the expense of the workers of other countries—both developing and advanced, through a broad foreign-trade expansion. However, advantages enjoyed by Japan's monopoly capital are narrowing, and this is bound to lead to a



sharpening of domestic economic and social contradictions, and of internal political struggles.

The role and influence of the working class is bound to increase in the course of these struggles. The rapid numerical growth, expanding composition and the structural differentiation of the working class in the last quarter century have resulted in its lesser social homogeneity, and stronger influence of petty-bourgeois ideology. At present we are witnessing a process of internal consolidation of the working class, of its rising maturity. In other words, whereas formerly the development of the working class proceeded in width, at present it develops in depth and its class consciousness strengthens. This will inevitably result in a much greater impact of the working class and its political parties and organisations on the country's political development.

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## SOCIOECONOMIC POLICY OF VCP

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[Article by M. Ye. Trigubenko]

The economic strategy of Vietnam is the strategy of the transitional period and, consequently, reflects the traits of policy common to all the countries that have embarked upon the path of socialist transformations. The main ones are the transformations of the multi-structured economy and the entire system of social relations, including ideology, mentality, culture, establishment of society's political organisation along socialist lines, and the building of material and technical basis of socialism. At the same time, as an underdeveloped country, Vietnam has to tackle problems that do not confront the countries which have gone through the capitalist stage of development. All through the period of socialist construction (first in North Vietnam and then, after reunification, throughout the country) the process and the methods and forms of resolving the basic problems of the transitional phase have to a large extent been influenced by the need to repulse the aggression of the imperialist or hegemonic forces. Economic development, socialist transformations and strengthening of the country's defence potential have been the main objectives of the Party's general line since 1960, when the Third Congress of the Vietnamese Workers' Party laid down the guidelines for socialist construction in the Democratic Republic of Vietnam.

For a long time socialist development was negatively influenced by the internal counterrevolutionary forces represented chiefly by the big comprador bourgeoisie, linked directly or indirectly with international reaction and the imperialist circles.

Before outlining Vietnam's socio-economic strategy, adopted by the Fifth CPV Congress in the spring of 1982, it is important to note that the basic principles of this strategy follow on those reflected in the resolutions of the Party's Third and Fourth Congresses (in 1960 and 1976).

It has been stressed at all CPV congresses that the country is bypassing the capitalist stage of development in its transition to socialism. The tasks set in this connection were to be resolved in a country which had not gone through the capitalist phase: replacement of small-scale scattered production by large-scale socialist production, and accomplishment of three revolutions—in the spheres of relations of production, ideology and culture—as well as a scientific and technological revolution, with the stress on the fastest possible elimination of Vietnam's lag in science and technology. These problems included socialist industrialisation which was regarded as the "central element", or the "main task", of the entire transitional period.<sup>1</sup>

<sup>1</sup> See *The Third Congress of the Vietnamese Workers' Party*, Moscow, 1961, p. 43 (in Russian); *The Fourth Congress of the Communist Party of Vietnam*, Moscow, 1977, pp. 33, 34, 49 and 50; *Nhan Dan*, March 28, 1982. The distinguishing trait of the Vietnamese economy is its small-scale commodity production. The Fourth CPV Congress said, "the country is in the midst of direct transition from a society whose economy is dominated by small-scale production to socialism" (see *The Fourth Congress of the Communist Party of Vietnam*, p. 412).

At the inception of the Democratic Republic of Vietnam the Vietnamese communists proclaimed a policy of promoting allround cooperation and mutual assistance with the fraternal socialist countries. Consequently, in its economic strategy the CPV singled out internationalism as the decisive factor of socialist construction.

The root issue in the economic strategy of the transitional period is the choice of the type of the national economic complex that would conform to the country's economic potentialities and the objectives of socialist economic development. At its Third Congress the Party set the task of building an integral modern national economic complex taking into account Vietnam's requirements and the international socialist division of labour. The basic trends of the structural policy were not yet concretised then. The resolutions of the Party's Third Congress said it was necessary simultaneously to develop heavy and light industries and agriculture. It was, moreover, planned to develop heavy industry at a faster rate.<sup>2</sup>

This general line in the structural policy was reaffirmed at the Fourth CPV Congress in 1976, which approved the general policy of building a socialist society within the boundaries of the united Vietnam.<sup>3</sup> These documents thus did not single out a pre-stage for industrialisation (in other words, a preparatory stage) preceding the beginning of mass construction of industrial enterprises.

In the Central Committee's report to the Fifth CPV Congress, General Secretary Le Duan said, "We did not properly assess the complexity of the advance to socialism in the conditions of predominant small-scale production and the scope of the big economic and social changes which had occurred in the country after a long war."<sup>4</sup>

The postwar situation and the extremely complicated range of problems linked with the reunification of the North and the South, where opposite socio-political systems had long been taking shape, and with the elimination of the consequences of neo-colonialism in the South, required a lengthy period for economic rehabilitation. A great deal of material damage was caused by the war and the consequences of the activities of the anti-socialist elements in the economic and political spheres in the South, as well as other negative factors which arose in the war years and somewhat weakened the socialist sector. There was also the inability of the system of management, which had to a large extent taken shape in the war years, to adapt itself to the new conditions of Vietnam's development. Generally speaking, the question of the duration and intensity of socialist transformations in their wide interpretation includes economic and social aspects, and its successful solution depends a lot on the proper understanding of the concrete historical situation in the country.

Complicated was the solution, after Vietnam's reunification, of the main question of the transitional period on the basis of the experience amassed in the implementation of socialist economic reforms in the Democratic Republic of Vietnam.<sup>5</sup> At the same time the alignment of class

<sup>2</sup> *The Third Congress of the Vietnamese Workers' Party*, p. 80.

<sup>3</sup> *The Fourth Congress of the Communist Party of Vietnam*, p. 49.

<sup>4</sup> *Nhan Dan*, March 28, 1982.

<sup>5</sup> The Fourth CPV Congress urged to start the reorganisation of the multi-structural economy of South Vietnam right after reunification and mainly to complete it within five years (from 1976 to 1980). This resolution was reminiscent of the resolution of the Party's Third Congress which also set the task of completing reforms in the period of the first five-year plan (1961-1965), which was done, though not completely because in 1975 the socialist sector produced 84 per cent of the national income of the Democratic Republic of Vietnam—See *The Third Congress of the Vietnamese Workers' Party*, p. 80; *Nhan Dan*, Dec. 11, 1980.

forces and the positions of different classes in the South Vietnamese economy differed from the Democratic Republic of Vietnam by the time of the revolutionary transformations. The following data give a schematic idea of it.

**North Vietnam  
(1954-1955)**

**South Vietnam  
(1975-1976)**

## I. PEASANTRY

Predominantly poor peasants, natural economy.

Predominantly strong middle peasants. There was a landowner class. The position of rich peasants was strong. Commodity production in agriculture.

## II. PRIVATE SECTOR IN INDUSTRY AND TRADE

Artisans and handicraftsmen predominated in industry. There was a considerable number of petty traders. Capitalist factory industry and capitalist trade were almost undeveloped. There was practically no foreign capital.

Considerable influence was exerted on the economy (wholesale trade, transport, finance and credit business, industry, purchases of farm produce) by the big comprador bourgeoisie cooperating with foreign firms (Hongkong, Singapore, Taiwan, the United States, Japan, France, etc.) which had many branches in South Vietnam. National capital figured prominently in industry and trade. There was a huge number of petty traders, including those of Chinese nationality.

Due to the above-mentioned differences, South Vietnam was not a "backward agrarian area" like the Democratic Republic of Vietnam, as stated at the Party's Third Congress. Capitalism was somewhat developed and commodity production was beginning to take shape in the Saigon zone and the adjoining areas in the Mekong delta. That is why the very content of the term "multi-structural economy" and the forms and methods of reorganising it required concretisation to fit into the present-day conditions in the southern areas of Vietnam.

Changes took place in the South in the years of the second five-year plan (1976-1980), although they were of different intensity in the Central (Trung Bo) and Southern (Nam Bo) areas. In Central Vietnam there were and are not many private capitalist enterprises. Nearly all the peasants and more than 50 per cent of the artisans have been organised into cooperatives. The picture in South Vietnam is different. Only 7 per cent of the cultivated land and 10 per cent of the peasant households remaining at the lowest level of cooperation, have been drawn into the socialist sector of agriculture.<sup>6</sup> The private capitalist sector in industry

<sup>6</sup> *Ngien khang kinh te*, 1981, No. 122, p. 28

has not been fully reorganised and capitalist trade has not been abolished. One and a half thousand private capitalist enterprises in South Vietnam had been reorganised into 650 state and mixed state-private enterprises employing 130,000 people by the beginning of 1979. The aggregate cost of their gross production then came to nearly 70 per cent of the total cost of industrial production in the South.<sup>7</sup>

In 1980 the socialist sector accounted for 49.2 per cent of the national income, while in agriculture, the main branch of the economy producing 40 per cent of the national income and employing 75 per cent of the manpower resources, it accounted for 53.4 per cent (35.2 per cent in the cooperative sector and 18.2 per cent from the household plots of members of cooperatives).<sup>8</sup> Thus, the key problem of the transitional period in Vietnam has not yet been solved.

The Fifth CPV Congress decided that socialist transformations in the South must be completed in the 1980s. The most complicated issue is still that of the attitude to the South Vietnamese peasants. The transition of peasant farms in the southern provinces to collective forms of farming is to be completed in the main in 1981-1985. The peasants will be organised chiefly into cooperatives of the lowest form, i. e., production teams. It is also considered important to establish consumers' and credit cooperatives in the countryside.

The Fifth CPV Congress also defined the policy regarding the handicrafts. It decided that it would be more correct to develop two forms of labour—collective and individual. The need was stressed gradually to transfer petty traders into the production sphere and other branches of the services industry.

Insofar as the capitalist sector was concerned, the Congress stressed that private capitalist industry should be used and simultaneously reorganised through different forms of mixed state-private enterprises, and that private capitalist trade should be abolished. On the whole, the Fifth CPV Congress deemed it necessary to preserve Vietnam's multi-structural economy for a certain period of time. As stated in the CC report, "three sectors of the economy—state, collective and individual—will exist for a time in the northern part of the country, and five—state, cooperative, individual, state-private, and private capitalist—in the South Vietnamese provinces."<sup>9</sup>

Strategically, the CPV's recognition of the right of different economic forms to coexist and interact, while the state sector was strengthening its position at the initial stage of the transitional period—the 1980s, according to the Fifth CPV Congress—accords with Leninist principles. Successful implementation of this policy depends on the state's ability to run the state sector, to develop and strengthen it, and on the elaboration of flexible forms of relations with the private sector. Here the use of the historical experience of transition to socialism in the USSR and other socialist countries with due consideration of the specifics of Vietnam may be of inestimable value.

The Fifth CPV Congress summed up the results of Vietnam's economic development in the period of the fulfilment of the five-year plan (1976-1980), whose guidelines and tasks were approved by the Fourth

<sup>7</sup> *Economic Affairs*, 1982, No. 5, p. 126 (in Russian).

<sup>8</sup> *Nhan Dan*, Dec. 11 and 13, 1980; *Statistics of the Socialist Republic of Vietnam*, 1979, Hanoi, 1980, pp. 15-18 (in Vietnamese).

<sup>9</sup> *Nhan Dan*, March 28, 1982.



CPV Congress. It was stated that nearly all the facilities in agriculture, industry, transport and communications had been rehabilitated. Initial steps were taken to redistribute social labour resources. Although the volume of production in some branches of industry had declined, production capacities increased by 1980. Power production capacities went up by 100,000 kiloWatts, coal-mining capacities by two million tons, and cement production capacities by 500,000 tons. Vietnam restored and built 1,700 kilometres of railway lines and 3,800 kilometres of highways, and built 30 kilometres of bridges and 4 kilometres of moorings. The volume of fixed assets in the national economy increased (in terms of cost) by 10.2 billion dong in 1980.

Nevertheless, as Le Duan pointed out in the CC report, attempts to lessen the imbalance of various branches of the economy produced no results; the population is increasing faster than production; no national sources of accumulation have been created; the situation in the sphere of power development and transport remains tense, and there is a shortage of foodstuffs, fabrics and other commodities. The standard of living, particularly of those employed in the state sector, is still low. The number of people without work is as yet considerable. The market and prices are not stable and there is no balance between incomes and expenses, the mass of commodities and the money in circulation, exports and imports.

The causes of Vietnam's economic difficulties were both objective (aftermath of wars, neo-colonialism, unfavourable changes in the international situation, natural calamities) and subjective, linked with the "difficulties attending the elimination of weak spots in the administration of the economy and society". Reporting to the congress, Le Duan said: "We displayed subjectivism and haste in drawing up plans with high indices, exceeding in scope our possibilities in the rate of capital construction and development of production, particularly at the initial stage."<sup>10</sup>

Though a substantial proportion of funds was put into large-scale construction, the plans of capital construction did not always take due account of the availability of the necessary resources and skilled manpower. Le Duan drew attention to that when he said: "Plans were drawn up and a number of projects built without a proper study of documents and thorough preparations."<sup>11</sup>

The Fifth CPV Congress stated that the experience of the preceding five-year plan confirmed the need to concretise the Party's course in elaborating economic strategy at the "initial stage of socialist industrialisation". The "initial stage of socialist industrialisation", the congress stated, covered the current decade, i. e., the 1980s. The congress laid down the following main aims and trends of socio-economic strategy at this stage of the transitional period.

1. To meet the most vital, prime requirements of the population, gradually improve material and cultural conditions, and first solve the food problem.

2. To continue to create the material and technical basis of socialism, chiefly to speed up the development of agriculture and increase the production of commodities and export goods, and to create conditions for still faster development of heavy industry in the subsequent years.

3. To complete socialist transformations in the southern provinces, keep on improving socialist relations of production in the northern part

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<sup>10</sup> *Nhan Dan*, March 28, 1982.

<sup>11</sup> *Ibidem*.

of the country, and strengthen socialist relations of production throughout the country.

4. To strengthen the country's defence potential and safeguard its political security and public order.

What is new in the economic strategy of the Communist Party of Vietnam is that the Fifth Congress defined the pre-stage pending industrialisation and determined branch priorities. The stress was laid on the traditional branches of the economy that are more developed and better provided with resources and manpower. The congress proclaimed that the main task in the immediate future was to solve the food problem and generally improve the people's material well-being. It assigned a bigger role in economic development to the peasantry, small-scale production and the private sector, and reaffirmed the policy of rationally combining and developing centralised plan principles in management and commodity-money relations.

The Fifth CPV Congress confirmed the economic policy line of combining economic and social interests more closely, and made satisfaction of the people's vital material and cultural needs and enhancement of their role in the administration of the economy and society the main task of the Party.

The economic development plan for 1981-1985, which takes into account the experience of the preceding five-year plan and transition to a more balanced structural policy, and the guidelines and tasks of which were approved by the Fifth CPV Congress, is a plan of relatively low rates of economic growth: the national income and gross industrial production will increase on the average by 4.5-5 per cent a year, while gross farm production will go up by 6-7 per cent. Capital investments in the five years are set at 16-18 billion dong, i. e., at the level of the preceding five years. It is proposed to decrease the annual growth of the population from 2.4 per cent in 1981 to 1.7 per cent in 1985.<sup>12</sup>

As Pham Van Dong, CPV CC Political Bureau member and Chairman of the Council of Ministers of the Socialist Republic of Vietnam, said in his report to the Fifth CPV Congress "The Basic Trends, Targets and Tasks of Vietnam's Socio-Economic Development in 1981-1985 and Until the End of the 1980s", the "production of foodstuffs is the main and prime task for the stabilisation and improvement of the people's standard of living, development of the economy and strengthening of defences."<sup>13</sup> It is planned to raise the average annual output of grain in 1981-1985 to 17 million tons (in terms of unhusked rice), which is 3.6 million tons more than in 1976-1980. Food production in 1985 will amount to 19-20 million tons (in terms of rice), which is 32 per cent more than in 1980. State purchases of grain will come to 3.5 million tons by the end of the plan period.

The Party mapped out the basic ways of sharply increasing the production of grain in the current five-year period, primarily by using the arable more productively and intensifying farm work. It is planned to reconstruct the irrigation system and start mass construction of small irrigation installations, raise the agrotechnical level, use high-yielding varieties of rice, apply the achievements of science and technology more widely in farm production, and expand the use of mineral fertilizers. It is intended to put fully under the plough the 600,000 hectares added to

<sup>12</sup> *Thanh Dan*, March 30, 1982.

<sup>13</sup> *Statistics of the Socialist Republic of Vietnam, 1979*, Hanoi, 1980, p. 60 (in Vietnamese).

the farmland in the preceding five years and also to continue to develop virgin lands by setting up new economic areas. It is planned to increase the production of other crops—maize, sweet potatoes, manioc and sorghum—to bring their output to 3.5 million tons in 1985 as against the 1.6 million tons harvested in 1976 and their proportion in grain production to 18-20 per cent. Each province and agricultural district must establish a balance of production and consumption of foodstuffs in conformity with the existing structure and conditions of development. Planned redistribution of foodstuffs among the districts is henceforth permitted.

Last summer the SRV Council of Ministers adopted a decision on steps to resolve the food problem, and one of the most important objectives is to increase grain purchases in every possible way (it is planned to purchase 2.8 to 3 million tons of food, in terms of rice, before the spring of 1983, whereas the amount purchased in 1981 was 2.5 million tons, or more than in any previous year). Overall production of grain in 1982 was expected to reach 16 million tons as against 14 million tons in 1980 and 15 million tons in 1981.<sup>14</sup>

It is thus planned to resolve the food problem in the main already in the current five-year period and to discontinue purchases of grain abroad, and to use the currency thus saved to accumulate funds for socialist industrialisation. It is recognised as important to develop material stimulation and to improve the system of organisation and remuneration of labour in agricultural producers' cooperatives, the state contract system of food purchases, and the system of contract prices of farm and industrial products.

Organisation and remuneration of labour in cooperatives or state farms in accordance with final results of the so-called family contracts, under which all or a large part of production over and above the plan goes to the contractor peasant families, has latterly become a widespread practice. The remuneration of the peasants' labour thus depends more on the quantity and quality of each family's production. Under the new system, the specialised production teams of agricultural producers' cooperatives or state farms till the land, improve soil and grow rice seedlings, while peasant families, working on the plot allotted to them and using fertilizers and farm machines or draught animals, sow, cultivate and harvest rice and other food or industrial crops. The families are provided by agricultural producers' cooperatives with draught animals.<sup>15</sup> By August 1982 more than 70 per cent of the agricultural producers' cooperatives and state farms had gone over to the new system of labour organisation and remuneration according to final results, and after its introduction labour productivity in agriculture went up by 30 per cent.<sup>16</sup>

In the opinion of the Vietnamese leaders,<sup>17</sup> the adoption by most of the cooperatives and state farms of the new system of labour organisation and remuneration has affected the entire system of management and was brought about by the objective conditions of agricultural development. But the negative aspects of the new system are also taken into account, among them the possibility of growing differences in the incomes of peasants, cooperatives, counties and provinces. The CPV stresses that it is necessary thoroughly to study the new experience, avoid mechanical imitation, single out the general positive factors, and study the negative

<sup>14</sup> *Nhan Dan*, June 5, 1982 and Dec. 21, 1981.

<sup>15</sup> *Nhan Dan*, June 9, 1982.

<sup>16</sup> *Nhan Dan*, February 10, 1982 and August 13, 1981.

<sup>17</sup> Le Duc Tho, "To Develop New Factors, Improve New Mechanism of Management in Agricultural Cooperatives", *Nhan Dan*, September 4, 1982.

ones. The state must continue to pursue the policy of providing agriculture in every possible way with material and technical means and improve the methods of running agriculture and socialist trade in the countryside. The cooperatives, says the CPV leadership, must observe more fully the principles of three interests—personal, collective and public (state)—to stimulate the introduction of modern agrotechnical means into farming. The Vietnamese leaders hold that the new system of management is to be in operation for a lengthy period, until full mechanisation of farm work.

Agriculture, which is busy solving the food problem, is being stimulated in every way to increase the production of export goods, notably such crops as coffee, tea, natural rubber, and soy. In 1985 the area planted to hevea is to come to 150,000-160,000 hectares, coffee—30,000-40,000 hectares, and tea—60,000-70,000 hectares.<sup>18</sup> The need is stressed to develop animal husbandry by rationally combining state, cooperative and personal ownership of livestock, and to encourage and stimulate stock raising by the families of the members of cooperatives. It is planned to increase the number of hogs from 9.2 million in 1976 to 13 million in 1985, and the poultry population from 88.2 million to 100 million in the same period.<sup>19</sup>

Forestry and fishing, traditional branches of the Vietnamese economy, are singled out in the policy of priorities for 1981-1985 and the subsequent period.

The task is being set to link the development of forestry with agriculture and industry, to make rational use of the forest resources which occupy 15 million hectares. In 1981-1985 it is planned to afforest about 300,000 hectares. Much attention is paid to processing timber for internal needs and export, with the volume of production of round timber in these five years to reach 8 million cubic metres. The output in the fishing industry in 1985 is to total about 700,000 tons, including 470,000-500,000 tons of sea fish (25 per cent more than in 1980). The production of fish sauce will also increase.

Among the branches designed to solve vital problems linked with the improvement of the people's standard of living and creation of export resources, an important role is assigned to the production of consumer goods and especially to the development of the handicrafts and local industries.

The need is stressed to follow a comprehensive policy of fully using the available production capacities and reserves of the light and food industries, including local and centralised ones, and expanding small-scale and handicrafts industries in city and countryside. The CPV believes it is necessary to ensure the interconnection and proportionality of state, cooperative and individual production of consumer goods. Especially much attention will be devoted to the production of consumer goods in Hanoi, Ho Chi Minh City, Haiphong, and Da Nang.

The CPV has set the task of expanding export-import operations and cooperation in production with other countries, and of using economic levers and stimuli to speed up the increase of production of consumer goods, especially the products of small-scale and handicrafts industries, developing both the traditional and the new kinds of production.

The policy of the allround development of agriculture and the handicrafts and local industries makes it possible to solve an important social problem—to make fuller use of manpower resources which annually in-

<sup>18</sup> *Nhan Dan*, March 30, 1982.

<sup>19</sup> *Ibid.*; *Statistics of the Socialist Republic of Vietnam*, p. 74 (in Russian).



crease by 1 million people on account of the rapid growth of the population. Six million people found work in the preceding five years.<sup>20</sup>

The shift of the centre of gravity in Vietnam's economic policy to the branches more fully provided with manpower and raw materials and possessing old traditions of development does not mean that the basis of the country's industrial development will not be created in the current five-year period. The new approach to the prospects of industrial development shows that the aims of the development of industry, its branch structure and the structure of investments in each branch more fully take into account the need to create an agro-industrial complex and materially to secure the export aspect of economic strategy. Every attention already in these five years is being paid to such key industries as fuel and power and to transport. It was deemed expedient to reduce the volume of construction in heavy industry, though not of enterprises of nationwide economic importance.<sup>21</sup>

In the sphere of power development the funds will be used mainly to build the 640,000-kiloWatt Phalai Thermal Power Station and a 1,920,000-kiloWatt hydropower station on the Black (Da) River. The Fifth CPV Congress set the task of drawing up a power development plan for 15-20 years. The output of electrical energy in 1985 is to come to 5.5-6 billion kiloWatt-hours, or 51 per cent more than in 1980. In the coal industry capacities will be created to produce an additional 5 million tons of coal in the next five-year-plan period (1986-1990), while in the current plan period the output is to be raised to 8-9 million tons, or 54 per cent more than in 1980. The exploitation of Vietnam's oil and gas deposits will contribute substantially to the solution of the fuel and energy problem. In 1981 the Soviet Union and Vietnam signed an agreement on the establishment of a joint enterprise to explore for and extract oil and gas on the continental shelf of South Vietnam. Many complex aspects of cooperation there have already been coordinated.

The creation of the building industry is held to be as important as that of the fuel and power industries. In the current five years it is planned to complete cement factories in Bimson, Ha-tien and Hoang-thanh, enlarge the cement factory in Haiphong, and organise the production of building materials in the provinces.

The development of very many energy- and metal-intensive industries, including such promoters of scientific and technological progress as ferrous and nonferrous metallurgy, chemical and multibranch engineering industries, is retarded by the acute shortage of energy, fuel, and raw and other materials. Although Vietnam intends to establish an integral national economic complex, the development of the above-mentioned industries in the current five years is linked with the overall general line of normalising the economic situation and promoting the growth of the economy and enhancing its effectiveness.

It is planned to increase the volume of phosphorous fertilizers to 350,000-400,000 tons by raising the output of apatites at the rich deposit in the Laokai area to one billion tons and enlarging the factory at Lam-thao to produce up to 300,000 tons of superphosphate and 120,000 tons of sulphuric acid a year.<sup>22</sup> The Fifth Congress also stressed the need to enlarge factories producing car and bicycle tyres, rubber for technical needs, soda and other chemicals.

<sup>20</sup> *Nhan Dan*, Dec. 21, 1981.

<sup>21</sup> *Nhan Dan*, Dec. 2, 1981 and March 28 and 30, 1982.

<sup>22</sup> *The Socialist Republic of Vietnam: Socio-Economic Problems*, Moscow, 1982, pp. 165, 170 (in Russian).



In 1981-1985 the machine-building industry will specialise in the production of equipment for a limited number of industries. It will mainly produce simple farm machinery, equipment for the manufacture of consumer goods, including those for processing food crops, and equipment for sugar refineries. Production of electrical goods, electric motors, mining equipment, and transport vehicles of medium and low power will be continued.

The long-term policy of promoting large-scale socialist production is indissolubly linked, not only with the fundamental, radical reorganisation of the economic structure and social relations on a socialist basis, but also with such qualitative parameters of real socialisation of the basic means of production and the establishment of the socialist system in Vietnam as promotion of scientific and technological progress and formation of a new system of economic management. "Scientific and technological progress," Le Duan stressed in the CC report, "must become the main component of socio-economic plans in all branches and at all levels. It is necessary to make proper use of scientific and technical cooperation with the Soviet Union and other fraternal countries, and of the assistance received from them in this field."<sup>23</sup> The Fifth Congress also reaffirmed the determination to develop and strengthen the plan principles of economic management, make enterprises in the state sector self-sustaining, and continue to renovate and improve the administrative machinery. The Congress stressed the need to reckon more fully with the law of value in the conditions of the transitional period and with the role of commodity-money relations, and correctly to combine the socialist relations of cost accounting with the development of socialist enterprise. A new socialist system in the sphere of distribution and circulation will gradually be formed to stabilise and raise the people's living standards. A whole complex of measures is being elaborated to this end: to stabilise the finance-and-monetary system, check inflation, devote more attention to the improvement of the present system of prices in socialist trade and the wage system. As Le Duan pointed out, the valuable experience of the Soviet Union helps Vietnam make management in all the branches of the economy more efficient.<sup>24</sup>

At their Fifth Congress, the Vietnamese communists defined the main trends of foreign economic policy—expansion and strengthening of all-round cooperation with the Soviet Union, promotion of cooperation with the other countries associated with the Council for Mutual Economic Assistance in conformity with socialist economic integration, active participation in the international division of labour, specialisation and cooperation in production in a number of branches of the economy; expansion of relations of allround cooperation and mutual assistance among Vietnam, Laos and Kampuchea with the view to developing the economic potential of each one of these three countries. At the same time Vietnam is ready to expand economic ties with non-socialist countries.

The export policy was further concretised. Particular attention is devoted to the increase of output of tropical farm produce designed for export, including crops, animal products and timber, and to the output of marine products, certain consumer goods, and products of the mining industry and of different branches of the heavy industry.

Vietnam's export policy is directed at creating reserves for internal accumulation and is designed to contribute to industrialisation. The

<sup>23</sup> *Pravda*, March 28, 1982.

<sup>24</sup> *Pravda*, March 2, 1982.

Fifth CPV Congress urged economy in the consumption of products made in Vietnam, particularly with the view to increasing export. Le Duan stressed in his report that it was also necessary to stop depending on assistance from abroad, to make a more effective use of the economic assistance of the Soviet Union and other socialist countries, and to make Vietnam more influential in international economic cooperation. In 1981-1985 it is planned to increase export to double the 1976-1980 figure.<sup>25</sup>

The 1980s will be the years of coordination of the fraternal countries' long-term economic policy and this will enable them to cooperate more closely in the achievement of the current and future aims of economic development, to coordinate them more fully with the trends and forms of trade and economic cooperation. As Mikhail Gorbachov, CPSU CC Politburo Member and CC Secretary, said at the Fifth CPV Congress which he attended at the head of a Soviet Party delegation, "we already have many joint economic tasks to fulfill—in industry, transport and agriculture. This obliges us constantly to take care to make cooperation more effective, to see to it that it produces a 100 per cent result, as they say. This is very important for the successful fulfilment of the creative tasks our parties are setting themselves in the current five-year-plan period and generally in the 1980s."<sup>26</sup> Considerable experience has now been amassed in Soviet-Vietnamese cooperation and it allows to tackle common tasks, including that of promoting closer economic cooperation in a new way and more successfully.

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25. NHAN DAN, 30 March 1982.

26. PRAVDA, 29 March 1982.

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## JAPANESE-AMERICAN RELATIONS: OLD PROBLEMS, NEW TENDENCIES

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[Article by N. N. Nikolayev and A. N. Aleksandrov]

**R**elations with the United States are invariably in the focus of attention of Japan's ruling circles and constitute the dominant factor in the foreign policy of this country.

In recent years, particularly after the Reagan Administration's advent to power, Japanese-American relations have entered a new stage in their development, whose many distinguishing traits began to take shape in the 1970s. This period has been one of both crises and a search for compromises, all this reflecting the process of adaptation of the American-Japanese alliance to the actual alignment of forces in the world and to the political situation in the two countries. What is more, the Japanese partner in this process played the role of initiator, compelling Washington to recognise more and more, by word and by deed, the increased political, economic and, in a way, military potentialities of Japan. With the global strategic positions of the United States weakening in the 1970s, this led to the growth of Japan's role in the bilateral alliance.

Regular consultations with the Japanese at different levels, including the highest, on topical international issues and particularly on the situation in Asia and the Pacific Ocean; enlistment of Japan's participation with the leading West European countries in working and carrying out foreign policy and economic strategy; the urge to settle acute trade and economic issues by means of negotiations, without affecting the existing military-political alliance and intensification of US efforts to make Japan assume bigger commitments in the sphere of military cooperation—all this testifies not only to the recognition of Japan's grown potentialities in world affairs, but also to the fact that Washington is forced to reckon with them in its relations with Tokyo, adapting itself to some of them and using others in its own interest.

Relations within the American-Japanese alliance are far from equal. The United States still plays the leading role, though one can discern qualitative changes.

One characteristic feature of the change in the balance of power in the American-Japanese alliance is that the reinforcement of Tokyo's position does not lead it to pursue a foreign policy entirely independent from the United States. The events of recent years show that in the present situation Tokyo actively supports Washington in international affairs. This is due above all to the strengthening of the Japanese-American alliance at the turn of the 1980s as a result of efforts made by both countries.

In the 1970s, to say nothing of the period before that, Washington often forgot that its relations with Tokyo, as stressed in all American foreign

policy documents and statements by White House officials, were the cornerstone of the US Asian policy. In their practical activity, American diplomats often, not only ignored the opinion of this Far Eastern ally, but acted to the detriment of its interests. This was especially manifest during President Richard Nixon's term of office, when anti-Japanese economic measures were bolstered by foreign policy actions of a similar nature.

In reply Tokyo took steps which, though cautious, showed that in that particular situation there was nothing left for the Japanese government to do but to tackle acute international issues without coordinating its steps with the White House and in some instances acting contrary to the latter's foreign policy. This was precisely the kind of foreign policy followed by Kakuei Tanaka's government: without consulting Washington, it established diplomatic relations with the People's Republic of China and with Vietnam, Mongolia and the German Democratic Republic, followed its own policy towards Arab countries, and took steps to expand relations with the USSR. There were even statements by leaders of the ruling Liberal Democratic Party as well, that the Japan-US Security Treaty might be abrogated or at least revised to provide for the withdrawal of American troops from Japanese territory.

This trend of events disquieted the United States.

After the defeat in Vietnam and withdrawal from Indochina Washington sought to determine what US policy in Asia and the Pacific would best accord with the new alignment of forces and the contracted American potentialities. The hopes of strengthening the United States' positions and activating its policy in the region after the normalisation of relations with China failed to materialise in many respects. Despite the establishment of contacts with ASEAN in President Carter's time, Washington was unable to work out a consistent policy towards this organisation in general and its member countries in particular. At the same time, taking into account Japan's enhanced economic and foreign policy potentialities, the United States displayed increasing interest in getting Tokyo to join other industrial capitalist countries in working and carrying out a common strategy designed to prop up the badly shaken position of the Western world.

To this end, back in the days of President Gerald Ford, concrete changes were introduced into US policy towards Japan with the object of raising relations with that country to the level of relations with Washington's West European allies. This policy was more or less consistently followed when James Carter was in office.

Tokyo, in its turn, also made steps to meet Washington. Special activity in this respect was displayed by Premier Masayoshi Ohira, whom the American press described as more pro-American than some of his predecessors.<sup>1</sup> Premier Zenko Suzuki, who succeeded Ohira on his death, continued with the policy of orienting on the United States.

The pro-American position reflects the changes in the Japanese rulers' views on the political and economic role their country must and can play in the present-day world.

While at the beginning of the 1970s it was generally held possible to keep up the high rate of the country's economic development and thus actively to realise the concept advanced by the ruling element that Japan's political influence in the world was growing along with its economic potential, the positions of the advocates of "moderate" economic

<sup>1</sup> *Wall Street Journal*, April 21, 1980; *Washington Post*, Jan 19, 1980

growth" and Japan's more active participation with other industrial capitalist countries in the solution of common economic problems and consolidation of allied ties with the USA became stronger after the aggravation of the raw-material and energy crises and the slump in production.

Analysing the present international situation in general and the situation in Asia and the Pacific in particular, the Japanese ruling circles have arrived at the conclusion that it is now more in Japan's interest to strengthen its alliance with the United States than to discard its concrete allied commitments and pursue a more independent policy. The following factors are taken into account in this connection.

Firstly, the Japanese ruling circles are disquieted by the increasing strength of socialism's positions in Southeast Asia, i.e., in the area which they would like to regard as their own sphere of influence.

Secondly, despite the active development of relations with Peking, Tokyo is not too sure about the prospects of development of the political situation in China and about its foreign policy.

Thirdly, Japan is interested in preserving the American military presence in the region, especially in South Korea, for in the Japanese foreign policy concepts the country's security is traditionally bound with the situation in the Korean peninsula.

Tokyo fears that Japan may not be ready politically and, particularly, militarily for an unexpected turn of events in Southeast Asia and the Korean peninsula. Recent developments have shown that it is possible to take military action in Asia and the Pacific, without letting it grow into a "big war", to settle certain issues. On the one hand, Japan does not rule out the prospect of such actions aimed directly against its interests. On the other, there are forces in the country that urge military preparations, having in view not only Japan's value as a war ally, but also the possibility of using armed force in Tokyo's interest.

While constitutional restrictions remain in effect and the Japanese armed forces are not prepared to assume these functions, the United States' military commitments to Tokyo remain in force. It was not for nothing that Japan insisted on the Carter Administration's cancellation of the plan to withdraw American troops from South Korea, raising this question at all bilateral summit meetings, and welcomed the United States' decision to keep its troops in that country.

Lastly, the Japanese ruling circles are seriously disquieted by the unstable situation in the Middle East, notably in the Persian Gulf area, from which Japan gets two-thirds of the oil it consumes.

Since Japan lacks military potentialities and is strategically vulnerable, it is held in Tokyo that the problems which may confront the country in the conditions described above can be solved only by strengthening the alliance with the United States. The latter is regarded as a guarantor of supplies of raw materials, notably oil, and of security in areas in the immediate vicinity of Japan.

A new element in the approach to the promotion of relations with Washington is the assessment of the United States' position in the world and its strategic potentialities. Immediately after his visit to Washington in May 1980 Premier Ohira said the "United States is no longer a superpower". Later, explaining his statement, he said what he had in mind was that the US strength "in the world had lessened"<sup>2</sup>.

The Japanese Premier's assertion was no slip of the tongue. In the summer of 1980 a group of Japanese specialists in international affairs

<sup>2</sup> See *Congressional Record*, Aug. 25, 1980



headed by Masamichi Inoki drew up a report expressly for the Premier, in which they stressed that most fundamental change in the international situation which emerged in the 1970s was the end of America's superiority both militarily and economically.<sup>3</sup>

However the Japanese Premier's statement may be interpreted, the facts testify to the intention of the Japanese ruling circles to "come to the aid" of their ally in the hour of need and to assume a large share of the responsibility for the realisation of common strategic and tactical aims in the political and military spheres.

As former Japanese Deputy Foreign Minister Sinsaku Hogen once bluntly stated, Japan should in no circumstances connive at any actions designed to weaken the United States.<sup>4</sup>

It is hoped in Tokyo to capitalise on the present situation in order to enhance Japan's role in the Japanese-American alliance and get Washington to recognise it as an equal partner in every respect.

Back in the 1960s, to say nothing of the years preceding them, it was customary to say that Japan had no independent diplomacy and that its foreign policy in general was tied to Japanese-American relations. In the 1970s, with the country's grown economic potential to lean on, the Japanese government leaders began to affirm that Japan and the United States were "interdependent". Lastly, the joint communique published at the close of Premier Suzuki's visit to Washington in May 1981 qualified Japanese-American relations as "allied" for the first time. Such qualification in an official document is especially important for Japan because it means recognition of the two countries' equality in the sphere of both mutual commitments and particular interests.

Although President Ronald Reagan has not spoken publicly of the American Asian and Pacific policy as a whole, an analysis of what members of his Administration have said on this score and Washington's concrete actions give an idea of the underlying principles of the "Reagan doctrine" for this region. Being essentially a regional aspect of the Washington Administration's global anti-Soviet strategy, President Reagan's Asian and Pacific "doctrine" boils down to strengthening bilateral relations with the countries of this region and prodding them into pursuing an anti-Soviet policy, without setting up any new organisation or bloc, which is a difficult thing considering their different political orientation. American strategists hold that this must ultimately lead to the de facto formation of an anti-Soviet coalition in the Far East and the Pacific. Having given up the plans of withdrawing troops from South Korea, the present American Administration is strengthening relations with the Seoul regime. It has stopped criticising it and the Philippine Government for the violation of civil rights. Military aid to Thailand and Indonesia has been increased. Support of the Afghan counterrevolutionaries and the Pol Pot bands is regarded in Washington as a contribution to parallel strategic interests.<sup>5</sup> The leading role is assigned to Japan which, as the United States' main ally in Asia, must substantially build up its economic and military activity in the region.

The statement on foreign policy published by the US Department of State on April 24, 1981, stressed that American-Japanese relations were not only a cornerstone of the United States' Asia policy, but also

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<sup>3</sup> See *Foreign Affairs*, Spring 1981, p. 852

<sup>4</sup> See *Sankei shinbun*, April 26, 1982

<sup>5</sup> See *US News and World Report*, Aug. 10, 1981

most intimate and important relations in the US global allied structure."<sup>6</sup>

Washington is interested in seeing Tokyo make active use of its economic potential for political purposes. This coincides with Tokyo's plans. Trade and economic relations with Asian countries are being built up with the view to tying them for a long time to the capitalist economy and consolidating their anti-Soviet positions. Economic aid is given to South Korea to prop up its repressive dictatorial regime. Economic infiltration into ASEAN countries is designed to provide leverage for influencing their policies. The increase in the loans and grants to Turkey, Egypt and Pakistan supplements American efforts to keep these "strategically important countries" in their pro-American positions. Statements are made about readiness to lift sanctions and reestablish trade and economic ties with Vietnam and other Southeast Asian countries provided they make fundamental political concessions.

While for the United States such actions on the part of Tokyo help realise plans of setting up a "cordon sanitaire" against socialism in Asia and the Pacific, for Japan they are also a claim to political leadership in the region, to the role of uninvited "exponent and champion" of the interests of the countries located there.

Mutual interest in strengthening the military-political alliance at the present stage is thus a dominant factor which lays an imprint on the concrete aspects of bilateral relations.

The greatest "harmony" has been achieved in the political field. The Japanese Government fully shares Washington's views on the reasons for the deterioration of the international situation and supports the Reagan Administration's policy of starting a new round of the arms race on the pretext of evening out the balance of power.

The Japanese Government assumed a more pro-American stand on Iran, Afghanistan and Kampuchea than the West European allies of the United States. Tokyo backed the American policy of "sanctions" against the Soviet Union, Poland, Vietnam, and Iran, with the result that political contacts with these countries were frozen and trade and economic relations seriously restricted. Japan's support of American policy was duly appreciated by Washington. Mike Mansfield, the US Ambassador to Tokyo, said this support was especially valuable because, unlike the other allies of the United States, Japan suffered economic losses, losing Iranian oil, which accounted for 13 per cent of its imports, as well as large Soviet orders which were snapped up by France and West Germany.<sup>7</sup> As stressed by Kuriyama Takakazu, Deputy Head of the Treaty Division of the Japanese Foreign Ministry, by this step Japan "openly demonstrated for the first time its solidarity with the United States in the interest of political objectives and acted in coordination with the other countries of the Western camp."<sup>8</sup>

The pro-American line is also manifest in Japan's approach to crucial international issues. What is more, one discerns ever more clearly the tendency towards a sort of "division of labour" between Washington and Tokyo. It is characteristic of the Reagan Administration to pursue a tough, rigid and egoistic foreign policy. This manifested itself during the Anglo-Argentine conflict over the Falkland Islands (Malvinas), Israel's aggression in Lebanon, the so-called "North-South issue", and in many other

<sup>6</sup> *Christian Science Monitor*, May 7, 1981.

<sup>7</sup> See *US News and World Report*, Nov. 16, 1981.

<sup>8</sup> *Chuo koron*, 1981, No. 4, p. 292.

instances. Tokyo, being afraid that such American diplomatic methods may aggravate the developing countries' differences with the West and propel them towards the Soviet Union and other socialist countries, is trying to follow a more flexible policy, to mitigate the undesirable consequences US policy may have for the capitalist camp. It has been reported, for instance, that the Japanese Government has decided to activate its ties with Arab countries, proceeding from the premise that the United States' pro-Israeli policy in connection with the events in Lebanon is evoking an increasingly negative reaction in those countries, with the result that the Soviet Union may extend its influence in the Middle East.<sup>9</sup>

Whenever differences arise between Washington and its West European allies, Tokyo assumes the role of intermediate link that kind of prevents the sides from becoming too "alienated".

This was manifest at the meeting of the Big Seven, the leaders of the most developed capitalist countries, at Versailles in June 1982, when Japan was on the one hand inclined to back the West European countries' criticism of Washington's selfish stand on trade and economic problems and on the other hand took the American arguments more into account than the other participants. Illustrative too was the Japanese leaders' reaction to the Washington decision to institute additional sanctions on the delivery to the Soviet Union of equipment manufactured in West European countries and Japan on American licences. Although the Japanese Government reacted negatively to that decision because it caused Japanese companies to sustain losses, its stand was more restrained than that of the West European countries. Premier Suzuki said in Parliament that, although Japan was insisting on the revision of the decision taken by the US Administration, it had no intention of joining the West European countries on this issue.<sup>10</sup> Behind this is not merely a lack of desire to form a single anti-American front out of Washington's allies, but an intention to find a way of settling the differences without allowing them to become too acute, for that could inflict irreparable damage upon the allied relationships in the Western camp. The Japanese press wrote that, disquieted by the growing contradictions among the Western countries over the policy to be followed vis-à-vis the Soviet Union, the Japanese Foreign Ministry prepared a secret document, setting the Tokyo Government the task of striving for the "coordination of the positions of Western Europe, the United States and Japan with regard to the USSR" and stressing that Japan and the West European countries should participate as much as possible in joint "sanctions" and other anti-Soviet measures, and also build up their armed forces in order to lessen the burden born by the United States.<sup>11</sup>

The Japanese ruling circles have seized upon and made a wide use of the Washington myth about the "Soviet military threat". The impression one gains is that it is planned in Tokyo to derive the maximum benefit from the present tense international situation. The necessary theoretical basis is being laid for it. Writing in the journal published by the ruling Liberal Democratic Party, Japanese politologists claim that the years of the cold war led to the United States' rapprochement with the FRG and Japan, and that Japan profited handsomely from military orders during the Korean and Vietnamese wars.<sup>12</sup> Now it is hoped that in pursuing

<sup>9</sup> *Nihon keizai shimbun*, July 5, 1982.

<sup>10</sup> *Yomiuri shimbun*, June 26, 1982.

<sup>11</sup> *Nihon keizai shimbun*, Aug. 17, 1982.

<sup>12</sup> *Jijun minshu*, Oct. 1981.

a global anti-Soviet policy Washington will be forced to appreciate its Far Eastern ally still more, as a result of which Tokyo will have greater freedom for manoeuvring and, moreover, will be threatened less with reprisals for its active infiltration into the American market.

What is more, scaring Asian and Pacific countries with the non-existent "Soviet military threat", the Japanese Government is trying to convince them that it is necessary to set up a so-called "Pacific community".

Since the Japanese ruling circles' hopes of rapidly enhancing the influence of their country in international affairs failed to materialise, they decided to try to do it on a "smaller scale", at regional level, in the Asian and Pacific region. Speaking in Honolulu on June 16, 1982, Premier Suzuki again tried to draw attention to the idea of setting up the "Pacific community". It is noteworthy that unlike his predecessor, Masayoshi Ohira, who fathered this idea, Premier Suzuki laid stress on its political, not economic aspects. He characterised the United States and Japan as the main "guarantors of peace and stability" in the region and qualified the Soviet Union's policy as the chief cause of tension. Seeking to set up a "regional community" in the Pacific and the adjoining areas under Japan's aegis, Tokyo wants to do by economic methods what militaristic Japan had failed to do during World War II—to unite "seven corners under one Japanese roof" into a "coprosperity sphere". Scaring the countries of this region with the "Soviet threat" bogey, Tokyo hopes that they will become more tractable and will back its neo-colonialist plans.

Canvassing support for the "Pacific community" idea during Foreign Minister Sakurauchi's visit to New Zealand in August 1982, the Japanese side particularly noted the agreement in the assessment of the "Soviet threat to the South Pacific".

Lastly, capitalising on the "Soviet military threat" myth in the conditions of growing international tension, the Japanese leaders are trying to exert further pressure on the Soviet Union, among other things to bolster their unlawful and groundless "territorial claims" and simultaneously to justify the build-up of their own military potential.

It is no chance accident that in his book *The Threat from the North Is Born in Tokyo*, Japanese businessman Ukio Murai sees a clear connection between the so-called "threat from the North" and the government policy to strengthen the country's military potential and the attempts to revise the constitutional provisions forbidding the country to wage war.<sup>13</sup>

Although Japanese-American relations have been somewhat approximated, the objective conditions prevailing in the alliance still make Japan a junior partner. At the same time the Japanese ruling circles are interested in making the process of approximation irreversible. That is why Tokyo has begun to exert greater effort to expand military commitments, i.e., to raise the weakest "military link" to an appropriate level.

At present there is no agreement among Japan's rulers on what this level should be like.

The top-ranking officers of the Defence Agency, the right-wingers in the ruling party and the elder generation in the Japanese business world stand for the increase of military spending to 2 to 3 per cent of the gross national product, for the revision of the constitutional restrictions on the build-up of the armed forces, for the equipment of the "self-defence force" with offensive arms, and for the introduction of conscription.

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<sup>13</sup> *Mainichi shinbun*, Jan. 8, 1981.

But the prevailing view is that of the "moderate group" which holds that there should be no sharp turn to militarisation now and that no large sums should be diverted from the realisation of the economic policy which is ensuring Japan's superiority over other industrial capitalist countries. The task of building up the military potential should be tackled gradually, without the Government entering into a sharp conflict with the opposition, without evoking negative reaction in the neighbouring states. Moreover, the anti-war sentiment still prevailing among the population should be overcome step by step.

It is this, in particular, that explains contradictory interpretations by members of the Japanese Government of the statement made by Premier Suzuki in Washington in May 1981 that the Japanese armed forces intended to patrol ocean communications within a radius of up to 1,000 miles from Japan's coast in the near future. On the one hand, the Premier allegedly spoke on a "theoretical plane" about "future intentions" and, on the other, Foreign Minister Sakuruchi stressed in Parliament that the "defence of sea communications", by which oil and other goods are shipped to Japan, is a "natural thing".<sup>14</sup> It is noteworthy that Premier Suzuki, according to Yoshio Okawara, the Japanese Ambassador to Washington, made his statement without pressure from the Americans and it was therefore regarded in the US capital as a pledge on the part of Tokyo to strive for the realisation of this mission in the near future.<sup>15</sup>

The United States supports and encourages the Japanese Government's intention to increase Japan's possibilities to patrol sea communications within a radius of 1,000 miles.

After studying the Pentagon report that the events in Iran had shown that the American military, notably naval, potential would be inadequate in the event of more than one conflict affecting US interests breaking out in Asia and the Pacific, President Carter decided to put a new strategic plan into operation. According to this plan, Washington would not move its armed forces in the Pacific to Europe in the event of an armed conflict there and, what is more, would considerably increase its naval forces in the Indian Ocean, redeploying units of the 7th Fleet among other things.<sup>16</sup>

The United States simultaneously displays increasing interest in seeing Japan assume part of its military burden. At present, the US Department of Defence said in a report published in August 1981, Japan's contribution to the "defence of the West" is assessed as the smallest among the American allies.<sup>17</sup>

The question of how far Washington can "allow" Tokyo to build up its armed forces without it impairing the US interests in the event of unforeseen political developments in Japan is still being debated in the United States.

The Pentagon brass hold that the Japanese Government should sharply increase military spending, to 4.5 per cent of the gross national product (now 0.9 per cent). But the view prevailing among politicians, including State Department officials and specialists in international affairs, is that it would now suffice to increase it to 1.5 per cent of the GNP because a bigger increase might destabilise the political situation in Japan and the entire system of relations with the United States.

The present US Administration stands midway between these two views.

<sup>14</sup> *Yomiuri shimbun*, March 31, 1982.

<sup>15</sup> See *Mainichi Daily News*, Feb. 22, 1982.

<sup>16</sup> See *New York Times*, May 25, 1980.

<sup>17</sup> See *Mainichi Daily News*, July 25, 1982.



During his visit to Tokyo last March, US Defense Secretary Caspar Weinberger said that if Japan were to increase its armed spending to 2 per cent of the GNP and appropriate an annual of no less than 12 per cent for this purpose, it would have the forces necessary to patrol a 1,000-mile zone within ten years.<sup>18</sup>

It is still held that there are objective and subjective factors preventing Japan from coming out from under the US "nuclear umbrella". And, consequently, from under American control. In this situation, Washington is prepared to agree to a substantial build-up of Japan's conventional arms, particularly in the Navy and the Air Force.

The Japanese armed forces must be increased, in the opinion of Washington, firstly, to ensure the defence of the Japanese Isles by conventional (non-nuclear) means and, secondly, to extend the patrol zone around the Japanese Isles to be able in the future to block Soviet Navy movements in the straits.

At the same time American strategists would like to keep, not only "nuclear leverage" to apply pressure on Japan, but also other channels of influencing it in the sphere of military policy. They are of the view that the growth of the Japanese "self-defence force" must not be accompanied by a decrease of American military presence in the Far East and the Pacific. On the contrary, it is planned to strengthen it. This is actively advocated by the abovementioned Ambassador Mansfield who is urging the build-up of the US naval and air forces in Asia and the Pacific to the level of the American forces in the Atlantic and Western Europe.<sup>19</sup>

As the influential Senator G. Nunn said in the US Congress, the United States should not seek for an improved Japanese might to replace the US military presence in Asia, but must force Japan to a much greater responsibility for its defence against the direct threat to its own territory, which would enable US armed forces to give more attention to other priorities such as the defence of the USA and the communication lines in the areas remote from Japan, especially in the Indian Ocean.<sup>20</sup>

Washington and Tokyo have yet to agree on the concrete division of military roles and coordination of action in the Pacific. But it is obvious that the United States would not like to cede control over the communications to its partner. As former Defence Secretary Harold Brown has frankly implied in this connection, there can be no question of Japan's totally independent actions, but only one of American-Japanese cooperation.<sup>21</sup> That is precisely why the United States holds that the Japanese Navy should not have any aircraft carriers, without which there can be no independent control over the sea communications and long-range bombers.<sup>22</sup>

The aim of the United States is thus to keep Japan in rein, assigning it a growing but nevertheless supporting role in its military strategy.

At the present stage such an approach suits the Japanese rulers too. On the one hand, they say that under Washington's pressure there is nothing they can do but meet the American demands for a bigger military contribution, thus fulfilling their allied commitments and paying for the use of the American "nuclear umbrella". It is implied that by doing it, Japan is mitigating the criticism to which it is subjected for its active economic infiltration into the American market. On the other hand, the

<sup>18</sup> *Yomiuri shimbun*, March 27, 1982, *Asahi shimbun*, April 2, 1982.

<sup>19</sup> *Baltimore Sun*, Oct. 10, 1979.

<sup>20</sup> See *Congressional Record*, Nov. 2, 1979.

<sup>21</sup> *Yomiuri shimbun*, April 6, 1982.

<sup>22</sup> *Wall Street Journal*, April 2, 1980, *US News and World Report*, Aug. 10, 1981.

Japanese rulers are trying to reassure the people that the arms build-up does not transcend certain bounds and does not mean wide militarisation.

It is of fundamental significance that all this reflects qualitative changes in the Japanese ruling circles' military policy.

The use of the word "alliance" in the American-Japanese communique in 1981 was not a "linguistic error" and Premier Suzuki's statement about plans to patrol a 1,000-mile zone was not a "slip of the tongue", as some Japanese official spokesmen are wont to say. They are interconnected, and this is confirmed in the part of the communique referring to the desirability to divide roles between Japan and the United States in the Far East. The question is that of qualitatively altering the Japanese-American military-political alliance by increasing Japan's commitments and substantially expanding the geographical sphere of operation of the Japan-US Security Treaty, making it in fact global. The task set for the future is to tie the American-Japanese alliance to NATO.

US political and scientific circles are discussing ever more actively ways of creating a global military-political alliance involving the USA, Western Europe, and Japan.

The Atlantic Council of the United States and the Tokyo Peace and Security Study Institute drew up a report which stresses the growing interdependence of the United States, Western Europe and Japan not only in the economic field, but also in the sphere of security. It advances in this connection the concept of "balanced deterrence", under which the three imperialist centres must join and coordinate their efforts in such a way as to make the Soviet Union divide its forces and station them on three fronts—European, Middle East and Pacific.<sup>23</sup>

As for Japan, it must considerably expand its military potential on its Pacific flank with the view to strengthening both the "self-defence force" and the military alliance with the United States.<sup>24</sup>

In his policy speech in Parliament in October 1980, Premier Suzuki said, that "the most important thing in Japanese diplomacy is to strengthen solidarity in all spheres [italics ours.—Auth.], primarily with the United States, the EEC countries and other liberal countries that share Japan's political and economic ideas".<sup>25</sup>

This statement may be regarded as a display by the Japanese Government of its readiness in principle to accede to NATO's policy, from which Japan had formerly refrained.

It is not for nothing that the question of planning joint Japanese-American action beyond the bounds of Japanese territory in the event of emergency in the Far East was raised for the first time at the January 1982 session of the Japan-US Security Treaty Consultative Committee, at which Japan was represented by Foreign Minister Sakurauchi and Defence Agency chief M. Ito and the United States by Ambassador Mansfield and Admiral Robert Long, commander of the American armed forces in the Pacific.

Efforts are being stepped up to create in Japan an atmosphere making it easier to introduce amendments to the Japan-US Security Treaty. A so-called Committee of 100, consisting of about 200 prominent members of the Liberal Democratic Party, was set up in March 1982. Stressing that the Security Treaty was lopsided because it made the defence of Japan's

<sup>23</sup> *The Common Security Interests of Japan, the United States and NATO. The Atlantic Council of the United States. Policy Papers*, Washington-Tokyo, December 1980, p. 6.

<sup>24</sup> *Ibid.*, pp. 36-37.

<sup>25</sup> *Asahi shimbun*, Oct. 6, 1980.

security a prerogative of the United States, the Committee said it intended to urge its revision to make the signatories "equal" by increasing Tokyo's military contribution.<sup>26</sup>

The "equality" idea is also voiced in the United States. Edward A. Olsen, an American specialist in international relations, has suggested admitting Japan to ANZUS and thus creating a new military-political organisation, JANZUS. This, in his opinion, would make it possible to get Japan "out of the shell" and force it to play a more active part in securing US interests.<sup>27</sup>

The interest now shown by Tokyo and Washington in strengthening their military-political alliance impels them to look for ways of overcoming contradictions in trade and economic relations. It is in this field that they manifest themselves most openly and sharply and, as already said above, often led in the past to the deterioration of the atmosphere in political relations.

To prevent such a thing from recurring, the two countries are exerting efforts not to let trade and economic friction slip out of control and grow into a political problem imperilling the very foundation of the alliance.

Despite the serious discontent in the United States with the huge chronic deficit in its trade with Japan (\$ 18 billion in 1981), the White House does everything to check the growth of anti-Japanese sentiment in the country.

Anti-Japanese feelings are still pretty sharp in the American business and trade union circles linked with branches of industry suffering the biggest losses because the local market is flooded with Japanese goods, and in the local mass media backing them. This exerts an influence on Congressmen who, being afraid of losing votes, criticise the Japanese Government rather sharply, and recently have been introducing a great many bills on "sanctions" against Japan and adopting resolutions urging the Japanese Government to take comprehensive measures to iron out differences in the trade and economic field.

Like its predecessor, the present US Administration outwardly displays greater restraint in order not to heat up emotions. But, using anti-Japanese sentiment as an argument, the White House applies constant pressure on Japan and wrests more and more economic concessions from it.

An important role in restraining anti-Japanese sentiment and in going over from the policy of "shock diplomacy" to negotiations was played by the US Embassy in Japan. Headed by Ambassador Mansfield, who enjoys influence among many Congressmen and has spent many years in their midst, 25 of them as leader of the Democratic majority, the US Embassy has assumed a stand which the American press characterises as pro-Japanese. Mansfield has stressed time and again that the Japanese Government is fully aware of the acute nature of trade and economic problems and does practically all it can to resolve them.<sup>28</sup> The Japanese press began to call him Japanese Ambassador in the United States after that.<sup>29</sup>

It is noteworthy that President Reagan, who is a Republican, left Mansfield, who is a Democrat, as Ambassador to Tokyo. This decision was welcomed in Congress.

The American press and academic publications are devoting increasing attention to analysing the reasons for Japan's economic achievements

<sup>26</sup> *Tokyo shimbun*, March 16, 1982.

<sup>27</sup> *New York Times*, May 13, 1981.

<sup>28</sup> *New York Times*, Nov. 23, 1978.

<sup>29</sup> *Washington Post*, Nov. 28, 1980.

and formulating recommendations to eliminate the deficit in US-Japanese trade.

The successes of Japanese companies in the American market are no longer attributed to dumping, but to better quality of goods, quick delivery and efficient service. At the same time American companies are reproached with being too slow in studying the specifics of the Japanese market and in infiltrating into it. It is suggested, among other things, that they expand the network of their trade agencies in Japan (at present there are over 20,000 representatives of Japanese firms in New York alone, while the Americans have only 1,000 representatives in Tokyo), study the needs of the Japanese market more seriously, sharply increase the number of Japanese employees, and organise sales of goods through a network of small shops. It is noted that American companies lose to their rivals primarily in the rate of growth of labour productivity.

There have been quite a few studies by American economists, politologists and specialists in Japanese affairs who analyse the reasons for Japan's successes not only in its trade with the United States but in economic management in general. These questions are best generalised and summarised in the book "Japan as Number One: Lessons for America", which proved to be very popular in the United States. Its author, Prof. Ezra Vogel of Harvard University, proposes to make use of Japan's methods of employing state-monopoly levers which are more effective than the methods in the United States.

Japan also took steps, and fairly important ones, to meet Washington's demand that it "open" the Japanese market to American companies and lift the so-called "non-tariff barriers".

In January 1978 Japan and the United States signed a trade and economic agreement, giving American goods wide access to the Japanese market. This was followed by a whole number of other concessions. A new law lifting restrictions on the influx of foreign capital into the stock exchange was promulgated in Japan in 1980. In December of that same year the two countries signed a three-year agreement allowing American companies to participate in annual tenders for the delivery of \$8 billion worth of equipment to Japanese semi-state corporations, including the Japanese Telegraph and Telephone Company. Japan agreed "voluntarily" to limit export of its cars to the United States in 1981-1984 to the amount of \$1,670,000, exempted spare parts for American cars from tariffs, and promised to import more American cars. Meeting the demands of American automobile companies and of Washington, the Japanese Government induces Japanese car makers to invest in the construction of plants to produce Japanese cars in the United States. Despite their doubts about the profitability of such enterprises, the Honda and Nissan companies have given in to pressure from the Japanese Government and announced their intention to build car assembly plants on American soil. Claiming that American rice growers were losing money because the world market was being flooded with cheap Japanese rice, the United States got Japan to agree to reduce rice exports by nearly one-third and raise the price. Japan has increased its purchases of American military hardware.

Lastly, in January 1982, the Japanese Government fully or partially lifted restrictions on the import of 67 different kinds of goods from the United States and Western Europe. In May it promised to reduce import tax on 119 items and completely lift it on 96 items on April 1, 1983, simplify customs procedures and liberalise visas.

Tokyo agrees to make concessions only after lengthy negotiations and pressure from the United States and West European countries which in-

sist on Japan modifying its tariff policy and lifting restrictions on foreign companies operating in Japan, accusing Tokyo of pursuing an economic policy characteristic of a developing, and not industrial, country. The concessions in trade and the economic field are regarded in Tokyo as a fee for Japan's admission to the "club of leading capitalist countries" and recognition of its equality with the other members of the club.

There is discontent in the Japanese bureaucratic circles, among representatives of the business and financial community, with the concessions to the United States and West European countries in trade and the economic field, but the predominant trend is to recognise them as an "inevitable evil" and to reduce as much as possible the negative consequences these concessions may have. It is also held that even if most of the restrictions on foreign companies in trade and the economic field are lifted, the specifics of the Japanese economic structure and home market will not allow those companies to encroach in any way seriously upon the positions of Japanese business. Therefore, the demands resisted most are those whose acceptance may lead to serious negative consequences not so much in the economic as in the political sphere.

Washington insists on the lifting of restrictions on imports of American farm products which, it is held in the United States, are more competitive than the Japanese. Even now, importing substantial quantities of fodder grain, meat and other farm products, Japan has a deficit of about \$ 10 billion in its trade. It is less self-sufficient in foodstuffs than the other industrial capitalist countries (53 per cent in terms of calories).<sup>30</sup> There can be no further liberalisation in the import of farm products, say Japanese government leaders, because it would not only prevent the country from achieving the task of making itself self-sufficient in food, but would seriously complicate the situation in the countryside. It is not ruled out that the Japanese farmers voting for the ruling party "in gratitude" for the Government's support in the form of deliberately increased purchase prices will change their mind if the Government lifts restrictions on the import of grain, citrus fruit, meat, marine products, and cigarettes.

What distinguishes Japanese-American trade and economic contradictions is that they do not manifest themselves in one or two directions, but embrace practically all the aspects of business activity in the two countries and are chronic by nature. Japanese-American trade and economic contradictions, stresses Robert Scalapino, a leading US specialist in foreign affairs, remain and will remain.<sup>31</sup>

This is an objective process linked with the further consolidation of the position of Japanese monopoly capital in inter-imperialist struggle. It is not a question of whether or not Japan will make further concessions. Despite the measures taken to "open" the Japanese market, the deficit suffered by the United States and West European countries in their trade with Japan is growing instead of decreasing.

The younger and more energetic Japanese imperialism is defeating its American rival thanks to the higher rate of growth of labour productivity, which is due no little to much bigger investments in the civilian branches of industry. American economists have calculated that the reconstruction and modernisation of the American iron-and-steel industry, to enable it to withstand competition in the world market, will require investment of \$ 100 billion. But the Reagan Administration's policy of building up the military potential on a huge scale leaves no funds for the

<sup>30</sup> *Daily Yomiuri*, April 25, 1982.

<sup>31</sup> R. Scalapino, "Asia at the End of the 1970s", *Foreign Affairs*, No. 3, 1980.



development of production for peaceful purposes. Having driven itself into a "military corner", Washington is trying to exert pressure upon the Japanese branches which are the biggest rivals of US industry (steel, automobile) or which can bring advantages to Japanese producers in the near future (electronics—the case of Japanese companies' industrial espionage at IBM enterprises—and aircraft building). On the other hand, it is increasingly hoped that if Japan is made to increase military spending, it will be possible to compel it to draw funds for that purpose from appropriations for the development of the civilian branches of the economy that successfully compete with the American ones. During the debate on the budget for the 1982 financial year many members of the Japanese Government received letters from leaders of the American Administration, reminding them of the need to fulfil their "allied duty" in building up arms. More unceremonious still were the 68 Congressmen who wrote to Premier Suzuki, demanding that steps be taken to strengthen the "self-defence force", with American military hardware among other things. US Congress even proposed to demand that Tokyo should pay a sum amounting to 2 per cent of the GNP as a fee for using the American "nuclear umbrella".

Realising that the US demand for bigger military appropriations also conceals the intention to weaken the positions of the Japanese monopolies, the ruling circles in Tokyo are of the view that no more than one per cent of the GNP should be spent for this purpose now. This has brought into existence another source of friction—the American charge that Japan is travelling free in a bus whose safety is guaranteed by the United States— and the Japanese countercharge that the United States is paying nothing for the bases it is using on the Japanese Isles, primarily to secure its interests in its confrontation of the Soviet Union, while the Japanese Government defrays 50 per cent of the expenditure on the upkeep of the American servicemen in Japan, paying Washington about \$ 1 billion every year.

The analysis of the development of Japanese-American relations at the end of the 1970s and the beginning of the 1980s allows to draw the conclusion that having set themselves the task to enhance their positions in the world (the USA to the level of world domination and Japan, for the time being, to the level of regional domination), the two countries are displaying interest in using their military-political alliance to achieve this. As a result of the efforts made by the US and Japanese rulers to expand their political and military cooperation and prevent the growth of trade and economic contradictions, the Japanese-American military-political alliance has in a way become stronger and more aggressive, and the threat of economic penetration and enslavement and of military pressure it presents to Asian countries has grown.

Japan already has substantial armed forces and the policy of building them up and enhancing their efficiency cannot but evoke grave alarm. Japanese government spokesmen's assurances that Japan has no intention of becoming a major military power do not sound convincing.

There is a growing realisation in many Asian countries of the dangerous tendency on the part of the United States and Japan to strengthen their military-political alliance. The building up of armaments in Southeast Asia by the United States and Japan, Prime Minister Indira Gandhi of India has said, will lead to war and not to peace, will inevitably extend the domination and increase the influence of the United States in the Indian Ocean.

Serious concern about the efforts recently made by Japan to build up its armaments has been expressed by Prime Minister Mahathir of Malaysia.<sup>33</sup> Dr. Mochtar Kusumaatmadja, Indonesian Foreign Minister, has been even more explicit on this score. He said that while remembering World War II Indonesia will oppose any intent of Japan to play a more active part in defending the Asian and Pacific region.<sup>34</sup> While in the past the leaders of the Philippines said they "understood" Japan's defence policy, now President Ferdinand Marcos speaks of his "anxiety at the growth of Japan's military potential".<sup>35</sup> An analogical change of views is to be seen in the statements of the Singapore leaders. It is indicative that Ferdinand Marcos voiced his anxiety in this connection during his recent visit to the USA. President Suharto of Indonesia also warned against the resurrection of Japanese militarism when he paid an official visit to Washington and Tokyo last October. A wave of protests has swept Asian countries following the attempts made by the Japanese Government to justify Japan's aggressive policy in World War II and revise school history books accordingly.

At the same time objective processes are giving rise to profound contradictions within the Japanese-American alliance. These contradictions will in the future play an ever more important role in undermining the alliance.

The policy of using the country's grown possibilities solely to bind the country more tightly to Washington's foreign policy and to build up arms is arousing definite doubts among soberminded representatives of the Japanese ruling class.

The militaristic and adventuristic policy followed by the Reagan Administration is posing a real danger to the security of Japan, for in their plans of "limited" or "protracted" nuclear war the Washington strategists intend to wage it primarily on the soil of their allies. The realisation of this fact has resulted in an unprecedented upsurge of the anti-war movement in Japan in many years. The Japanese ruling circles, however, ignore the opinion of the majority in the country and are increasingly following in the wake of Washington's militaristic line. This is seen, among other things, from the recent agreement between military departments of the USA and Japan on the deployment of the US F-16 fighter-bombers on the US base in Misawa. Neither Washington, nor Tokyo take the trouble to conceal that these aircraft capable of carrying nuclear weapons are targeted against the Soviet Union.

The Japanese business and finance circles are displeased that Japan, overzealously displaying loyalty, has backed the United States' so-called "sanctions" against the Soviet Union and thus lost many profitable orders which have been taken over by West European companies. Despite pressure from the United States, the Japanese business community has declared its intention to go on cooperating with Soviet organisations in fulfilling the agreement on the exploration for oil and gas on the Sakhalin Island shelf.

This testifies to increasing contradictions not only in Japanese-American trade and economic relations, but also in the two countries' economic policy vis-à-vis third countries.

Recognising Japanese economic interests in the Southeast Asian countries, including the ASEAN nations, the United States has no wish

<sup>33</sup> *Mainichi shimbun*, Aug. 27, 1982.

<sup>34</sup> See *Vestnik*, Dec. 21, 1981.

<sup>35</sup> *Asahi shimbun*, Sept. 7, 1982.

at all to see the Japanese monopolies boss it in such a profit-yielding and fast-growing market, where direct US investments have reached \$ 4 billion. The United States' trade with ASEAN countries exceeds its trade with such nations as France and Italy.<sup>36</sup> American-Japanese competition in the markets of the ASEAN countries, the *Washington Post* wrote, was growing sharper.<sup>37</sup> According to a CIA report, American companies have won some ground from their Japanese rivals in the Far East, particularly in Singapore, Taiwan and South Korea.<sup>38</sup>

It is simultaneously held in the Japanese ruling circles, including the Foreign Ministry, that Japan must play the "key role"<sup>39</sup> in the economic development of the countries of that region, securing raw material sources and markets for its goods and capital, and at the same time solving the problem of keeping these countries in the Western camp.

Urging Japan to build up its military potential, the United States is nurturing a rival for its military ambitions in Asia and the Pacific. The well-known American politologists Hermann Kahn and Isaac Shapiro do not rule out the possibility that Japan will have built its own nuclear arsenal and become a major military power by the end of this century.<sup>40</sup> It is not hard to see what dangerous consequences this would entail for the cause of peace and security in the Far East and the whole world.

The postwar history of international relations in the Far East and the development of the American-Japanese alliance show that the increase of Japan's commitments in its military-political alliance with the United States, intensification of its pro-American policy, and activation of military preparations lead to the aggravation of the international situation, deterioration of Japan's relations with many neighbouring countries, and its involvement in actions that are absolutely contrary to the country's national interests and harmful to its political and economic positions in the world.

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1. *Washington Post*, Jan. 17, 1983.  
2. *Washington Post*, Oct. 12, 1982.  
3. *Washington Post*, May 11, 1982.  
4. *Washington Post*, May 11, 1982.  
5. *Washington Post*, May 11, 1982.

## SOME ASPECTS OF DPRK ECONOMIC DEVELOPMENT

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[Article by M. Ye. Glebova and V. V. Mikheyev]

The main function of the congresses and plenary meetings of the Workers' Party of Korea (WPK) is to shape an economic policy. Just like other fraternal parties, the WPK regularly works out its long-term policy, singling out the main elements characteristic of every particular stage in the country's socialist development.

As far as history is concerned, the evolution of the Party's general economic strategy can be divided conventionally into two stages.

During the early stage the necessary conditions were formed with which to overcome the consequences of Korea's colonial dependence on Japan, the deliberate division of Korea into two parts by American imperialism after Korea's liberation and also the aftermath of American aggression and with which to undertake socialist industrialisation and to carry it through. In building socialism the main economic task, which shaped economic strategy and was recorded in the documents of the 3rd (1956), 4th (1961) and 5th (1970) WPK Congresses, was to overcome economic backwardness and to streamline the lopsided macro-economic forms in order to develop a modern economy. This stage of the transition period centred on large-scale socialist industrialisation on the basis of the maximum utilisation of the domestic resources and economic aid from other socialist countries.<sup>1</sup>

The 5th WPK Congress held in November 1970 stated that, despite the difficulties encountered during development, the country completed industrialisation and a cultural revolution and embarked upon building on a large scale the material and technical base of socialism.<sup>2</sup>

Up to the early 1970s the first period had been characterised by tackling problems associated with the build-up of large-scale socialist production in the course of socialist industrialisation, the establishment and further development of socialist production relations, cultural development and so on. The experience of People's Korea has confirmed anew the possibility for poorly developed countries to build the economic foundation of a socialist society while completely bypassing capitalism or its developed forms by relying on the internationalist aid and support by the more developed socialist countries in a relatively short historical period.

The WPK congresses outlined in general form the concept of economic development, which envisioned as its final goal the building of the mate-

<sup>1</sup> See *The 3rd Congress of the Workers' Party of Korea Documents and Materials*, Moscow, 1959, pp. 45-46; Kim Il Sung, *Selected Works*, Vol. 3, Pyongyang, 1971, p. 79.

<sup>2</sup> See Kim Il Sung, *Selected Works*, Vol. 5, Pyongyang, 1972, pp. 460, 492.

real and technical basis of socialism appropriate for victorious socialist society. Its content is in the main determined by the country's aspiration to maintain high economic development rates, to ensure a comprehensive and well-balanced development of different branches, to create a developed economic complex on the basis of heavy industry, relying primarily on the country's own resources, at the same time to use economic aid of other countries in some sectors, to develop trade and economic cooperation with them on the principles of "mutually complementary exchange" and to carry out a scientific and technological revolution and modernisation.

The economic guidelines formed part of the WPK general line in building socialism designed to carry out three revolutions—ideological, technological and cultural—in order to "guarantee the further strengthening and development of the socialist system and to bring closer the complete victory of socialism."<sup>3</sup>

The second, modern stage of development began with the six-year-plan period (1971-1976) and continues in the current second seven-year period (1978-1984). Along with the main strategic task, it sets new problems connected with the attainment of a qualitatively higher level of economic development. The tasks of the second seven-year plan and the resolutions of the 6th WPK Congress (1980) formalised the principal goal of developing the scientific and technological revolution and hence embarking on a path of intensive development in the years to come.

Nevertheless, as before, the Party gives priority to high growth rates in order to build the economic potential in every possible way and to attain economic independence. From 1971 to 1979 the volume of industrial production increased by 280 per cent (the annual growth rate amounted to 15.9 per cent), while production of the means of production went up by 290 per cent and production of consumer goods by 270 per cent. According to the seven-year plan, the national income is to grow by 90 per cent (it increased by 120 per cent in the six-year period), gross industrial output by 120 per cent, production of the means of production by 120 per cent and production of consumer goods by 110 per cent in the period from 1978 to 1984.

Incessantly high development rates can lead to an "overheating" of the economy and sometimes have to be checked, especially before the beginning of a new plan period. For this reason the DPRK announced 1977 the "year of regulation" necessary to defuse the pressures upon the transportation system and mining, fuel and power industries which were amassed during the six-year-plan period and to get ready for work on the new long-term plan.<sup>4</sup> The December 1980 Plenary Meeting of the WPK Central Committee declared 1981 the "year of normalisation".<sup>5</sup>

The specific economic strategy of People's Korea, which enables it to build up its economic potential along with modernisation and technological revamping, is determined by the fact that the country has a reserve of labour and natural resources.

High average annual population growth rates (2 per cent) and the

<sup>3</sup> Kim Il Sung, *Report of the WPK Central Committee to the 6th Party Congress*. In *Volon sinmun*, Nov. 11, 1980. *The Socialist Constitution of the Korean People's Democratic Republic*, Pyongyang, 1972, p. 2.

<sup>4</sup> See *The New Year Speech of Kim Il Sung, General Secretary of the WPK Central Committee and President of the Democratic People's Republic of Korea*, *Nodon sinmun*, January 1, 1977.

<sup>5</sup> *Pravda*, Dec. 22, 1980.



beneficial demographic situation (nearly 80 per cent of the population are under 40 and more than 40 per cent, under 14) ensure a stable influx of able-bodied people into the national economy.<sup>6</sup> Almost 60 per cent of the national income increment were produced by the growing bulk of living labour in the period from 1971 to 1979.

The economy of the DPRK has sufficient energy resources and a number of minerals. Its hydropower reserves are estimated at roughly 10 million kW, coal—at 6,600 million tons, and iron ore—at 2,000 million tons. The Republic has big lead and zink deposits but virtually no oil and natural gas and very small amounts of copper, nickel and manganese ores.<sup>7</sup>

Since the early 1970s the Republic has been securing large loans both for modernisation and for new construction, mostly in industry, and it has been investing heavily, with the growth rate of capital investment, according to official figures, being more than 15 per cent.<sup>8</sup>

About 40 large and medium-size projects have been built in the past decade on loans received from capitalist countries and also thanks to impressive aid given by the Soviet Union and some other socialist countries. In ten years the capacities of the industrial enterprises built on loans grew by an estimated 2 million kW in power engineering, 6.5 million tons in coal mining, 1 million tons in rolled steel production and 3 million tons in cement production. Two oil refineries with the overall capacity of 3.5 million tons of oil and a large petrochemical complex have been built.

Especially tangible changes took place in the leading sectors of Korean industry, including power engineering, coal mining, metallurgy, the chemical industry, cement production and mechanical engineering. Thermal power plants working on Korean coal began expanding their capacities, the sum total of which doubled from 1970 to 1978 and accounted for 50 per cent of the power produced in the country.<sup>9</sup>

Comprehensive mechanisation with the use of up-to-date large-size efficient coal cutter-loaders has been going on in coal mining, while in metallurgy new capacities were built for producing different grades of steel and rolled steel. Automation and remote control were introduced in production processes.

The chemical industry has been further developed, the national petrochemical industry created on the basis of the new oil-refineries, and production of fertilizers and synthetic fibres boosted. Special attention was paid to the development of cement production and its capacities grew by 120 per cent in ten years.

Mechanical engineering was developed intensively in the DPRK ever since socialist industrialisation was launched. Socialist countries were very helpful in this area. In the period under review the inner-sectoral structure was streamlined by improving products and their types, primarily in machine-tool construction, the transport and agricultural engineering industries developed and mechanical engineering increased its output for the underdeveloped branches, above all for the extracting industries. The share of mechanical engineering in the country's gross in-

<sup>6</sup> In *Statistical Yearbook for Asia and the Pacific*, New York, 1976, p. 220. Hanguk Mire, Seoul, 1975, p. 140.

<sup>7</sup> G. V. Gryaznov, *The Building of the Material and Technical Basis of Socialism in the Democratic People's Republic of Korea*, Moscow, 1979, pp. 98, 101, 109 (in Russian).

<sup>8</sup> *Yonhon sinmun*, April 4, 1980.

<sup>9</sup> *Ibid.* Oct. 11, 1980.

dustrial production rose to 33.7 per cent in 1977 as compared with 29 per cent in 1970.

On the whole macro-economic forms have been developed in the Republic's industry, and its industrial complex has acquired a clear-cut sectoral structure. It is characterised by the leading role of the heavy industry, the preponderance of power-intensive and metal-intensive branches, the developed fuel, power and raw materials base, multi-sectoral mechanical engineering and large-scale production representative of an industrially developed country.

The available production capacities allow the DPRK to produce more than 30,000 million kWh of electric power, 50 million tons of coal, 4 million tons of steel, 3-4 million tons of fertilizers, 9 million tons of cement, 30-40 thousand machine tools and 600-700 million metres of fabrics a year.<sup>10</sup>

Taking into account the forecasts of the main production figures by the end of the 1980s corrected by the 6th WPK Congress and the target figures for 1984 in accordance with the seven-year plan, the output of primary industrial products in the 1980s should reach 120,000 million kWh in power engineering (56,000-60,000 million kWh in 1984), 120 million tons (56-60 million tons in 1984) of coal, 15 million tons (7.4-8 million tons in 1984) of steel, 1-1.5 million tons of non-ferrous metals, 20 million tons (12-13 million tons in 1984) of cement, 7 million tons of fertilizers and 1,500 million metres of different types of fabrics.

The output of agriculture and fisheries (maritime economy) is to grow considerably. In the 1980s grain crops are to go up to 15 million tons (9 million tons in 1979-1980) and the catch of seafood, including fish, is to reach 5 million tons.<sup>11</sup>

The striving towards high development rates and at the same time towards accelerated development of many branches of heavy industry has disrupted the balanced development of individual industrial sectors and also the balance between individual production branches and the infrastructure. The WPK leadership has repeatedly drawn the attention of the economic managers and planning bodies to this negative phenomenon.

The 17th (December 1978) and 19th (December 1979) Plenary Meetings of the WPK Central Committee of the 5th convocation emphasised the need for the development of the mining industry and power engineering on a priority basis. The largest chunk of total capital investment in industry—from 33.3 per cent in 1979 to 37.1 per cent in 1980—was apportioned for the former. Appropriations for the development of power engineering also grow steadily.

Along with the parallel building and expansion of major hydro-power plants and thermal power stations (such as the Taedongang hydro-power plant, the Mirim lock power station, the Puckchang thermal power station, the Namgang hydro-power plant and others), small and medium-size power plants are under construction. On the initiative of the 19th Plenary Meeting of the WPK Central Committee a nationwide movement "for building small and medium-size hydro-power plants" was launched in the DPRK in 1979. This undertaking is especially important in bringing electricity to villages in remote and difficult-access areas and in developing local industry which, according to the second seven-year plan, is to produce more than 60 per cent of consumer goods.<sup>12</sup>

<sup>10</sup> See *Far Eastern Affairs*, 1978, No. 4, *Nodon sinmun*, Oct. 11, 1980.

<sup>11</sup> See *Nodon sinmun*, April 4, 1980.

<sup>12</sup> *Ibid.*, December 18, 1977.

The measures taken to enhance the fuel, raw materials and power industries of the Republic made it possible to continue to expand production. Between 1978 and 1979 the average annual increment in electricity generation was 12 per cent<sup>13</sup> as compared with 9.2 per cent in the preceding six-year period,<sup>14</sup> coal mining rose by 11 per cent<sup>15</sup> in the first half of 1979 over the same period of the previous year, while between 1970 and 1976 the average annual growth rate of coal production was 7.7 per cent.<sup>16</sup>

The growth rate of the extracting and power industries of the Republic, however, is yet below that of the country's industry as a whole because of a number of objective difficulties, such as adverse weather conditions, more complex mining conditions, etc., which calls for the continued concentration of the WPK's efforts on this aspect of its economic policy.

Measures to boost the capacity of transport play an important role in the Party's policy aimed at ensuring the well-balanced and harmonious development of the country's economy. During the past few years the problem of transport has always been among the key economic problems. In 1977 capital investment in transport grew by 30 per cent over the previous year, in 1978 by 50 per cent and in 1980 by 15.4 per cent. It is planned to convert 440 km of railway tracks to electric traction and to bring the level of electrification of the Republic's railroads to 85 per cent.<sup>17</sup>

While attaching priority to the expansion of the mining industries, power engineering and transport, the WPK is pursuing a course of improving the microstructure of industry. Much importance is attached here to modernising fixed assets and raising the level of mechanisation and automation.

The tasks of modernising the Korean economy during the second seven-year period envision, in addition to comprehensive mechanisation and automation in industry, programmes to industrialise and modernise agriculture and "to ease the work of the working people". An important role in modernising the national economy of the DPRK is attached to the development of science, to speeding up research and "to putting production processes and methods and economic activity onto a new scientific basis."<sup>18</sup> The growing number of discoveries, inventions and rationalisation proposals effectively introduced in industry was one of the major results of the increasingly active scientific and technological policy of the WPK in the late 1970s. In 1978 alone, for instance, the figure was about 70,000.

The government of the DPRK increased investment in science and technology to resolve the problems faced by the country's economy: in 1979 it grew by 20 per cent and in 1980 by another 50 per cent.<sup>19</sup> During the decade the number of higher educational establishments in the country rose from 129 to 170, and 481 advanced technical schools were reopened.<sup>20</sup> The WPK's present-day policy in science and technology has an immediate impact on the operation of Korean industry. Since 1979 the pro-

<sup>13</sup> *Ibid.*, January 1, 1980.

<sup>14</sup> Calculated by *Nodon sinmun*, November 10, 1970, and December 17, 1977.

<sup>15</sup> *Ibid.*, July 6, 1979.

<sup>16</sup> Calculated by *Nodon sinmun*, November 10, 1970, and December 17, 1977.

<sup>17</sup> See *Nodon sinmun*, April 4, 1980.

<sup>18</sup> See *Nodon sinmun*, November 10, 1970, and December 17, 1977.

<sup>19</sup> *Ibid.*, April 4, 1980.

<sup>20</sup> *Ibid.*, Oct. 11, 1980.

duction plans of Korean factories have been including a special clause on the scientific and technological progress of the given factory and at the same time the post of engineer or deputy chief engineer for scientific and technological progress was instituted.

The involvement of the mass of the working people in the scientific and technological revolution plays an important role in the WPK scientific and technological policy. The movement "for scientific and technical innovation", in which thousands of workers, scientists and members of farm cooperatives are taking part, is being given a fresh impetus. Special teams of Korean scientists are detailed to industry to participate directly in introducing scientific and technical achievements in production so as to ensure a closer alliance of science and production.

The training of 600,000 experts has become a major achievement because it has made it possible to reach the programme goal of the WPK's 5th Congress and create a one million-strong army of the Korean intelligentsia. The share of skilled technicians and specialists in the total work force of People's Korea rose from 15.8 per cent in 1969 to 19.2 per cent in 1976, and the number of agrarian specialists per farm cooperative rose from 17.5 to 55 persons.<sup>21</sup>

Applied research in the fuel and raw materials industries, engineering and agriculture is the key area of Korean science. Scientific workers in People's Korea are called upon to bend their efforts primarily to resolve the scientific and technological problems of utilising domestically found raw materials and fuel, boosting the electronics and automated technology industries, creating efficient up-to-date machinery and equipment, stepping up the research to produce new top grade varieties of rice, maize and other major grain and technical crops, studying methods of stimulating plant growth, evolving measures to prevent frost damage, etc. The WPK believes that it is necessary to improve the selection of personnel for research institutions, to raise the scientific and technical standards of research workers, to provide modern laboratory equipment for experimental factories and to take other measures to resolve these problems.

The WPK's 6th Congress stressed the need to enhance research in different sciences, such as mathematics, physics, chemistry and biology, and also in new areas of science, for instance cytology, histology, high pressure and low temperature physics, laser and plasma physics. The Congress also found it necessary to promote research into atomic power engineering and the utilisation of the energy of the Pacific Ocean and to look for new energy sources.

While attaching priority to industrial production and the development of infrastructure in its economic strategy, the WPK does not overlook the problems of raising the living standards and ensuring the Republic's self-sufficiency in grain and other food products. Progress has been made here thanks to the further intensification of agriculture. The tractor per 100 chonbo ratio (1 chonbo equals 0.99 hectare) is 7 in the flatlands (in terms of 15 hp tractors) and 6 in other areas. Altogether 1.5 tons of mineral fertilizers is introduced per chonbo of areas under crops. Herbicides and pesticides are used on 97 per cent of all sown areas. In this way the yields of rice, the main crop, were raised to 7.2 tons per chonbo and maize to 6.3 tons per chonbo, whereas the total grain production reached 9 million tons.<sup>22</sup> Per capita grain production is 529 kg. Individual branches of agriculture are being developed comprehensively. Live-

<sup>21</sup> See *Yonhap*, Nov. 10, 1976, para. 11, 1977.

<sup>22</sup> See *Yonhap*, Jan. 10, 1980.

tree breeding is making good progress on an industrial basis, and the production of vegetables and fruit, particularly for export, is thriving.

The orientation towards expanding the scale of the economy and boosting production in the more capital-intensive branches, such as transport, power engineering and mining industries, leads to the problem of the deficiency of capital investment already in the 1980s, along with the problem of developing a well-balanced economy. For this reason allocations were increased to up-date fixed assets, machines and equipment, alongside assignments to create new production capacities. The envisioned shift in the investment policy towards enlarging the share of intensive capital investment aims at facilitating the solution of one of the key problems, namely "to develop the economy without sizeable additional capital investment by using the already existing economic base".<sup>23</sup>

The course towards all-out economy and "the maximum utilisation of the operating equipment and available work force and materials" was actively launched beginning with 1981, "the year of normalisation".<sup>24</sup> In this connection the efforts of scientists, engineers and technicians are extensively directed towards looking for reserves, improving the qualitative indicators of the performance of industrial enterprises and the more productive utilisation and research into domestic raw materials and fuel resources. Special attention is paid to economising resources in power engineering, metallurgy, the chemical and mining industries and some other branches of heavy industry.<sup>25</sup>

Though the foregoing described the scale of envisioned shifts in the level and volume of social production throughout the 1980s, the WPK has introduced tangible corrections since the projected undertakings began to be implemented, to be precise since 1981. A new plan has been endorsed for the comprehensive development of the Republic's economy for the period approximately up to 1988, in other words, "The Plan for the Transformation of Nature", which is apparently to introduce corrections in the previous economic development plans for the 1960s. The 6th Plenary Meeting of the WPK Central Committee held in October 1981 discussed the problems of putting 200,000 hectares of virgin lands and 300,000 hectares of saline soil into cultivation, which will allow the area of arable land to be increased by 40 per cent.<sup>26</sup> Saline soils are being developed on the western coast (the province of Northern Pyongan and South Huanghae), where dams are to be built to expand rice plantations. Virgin lands are to be developed in difficult-access areas where it is expedient to grow tobacco and oil crops for export. The development of these lands makes it possible not only to meet to a greater extent the country's needs in foodstuffs and exported produce but also to solve partially the problem of electric power generation by building medium and small capacity hydropower plants on drainage canals. Besides, the large Taechong hydropower plant with a capacity of 660,000 kW is to be built and further expanded to reach 2 million kW.

Transportation problems are also to be tackled with the construction of the Nampo lock with a dam 7.8 km long and 30 m high and a water reservoir with a capacity of 2,700 million cu m. The building of the lock in Nampo (a swiftly growing port on the western coast of the DPRK) ensures that the water level in the Taedongang River be raised, an

<sup>23</sup> See *Nodon sinmun*, Dec. 17, 1977.

<sup>24</sup> See *Nodon sinmun*, July 29, 1981.

<sup>25</sup> *Ibid.*, June 16, 1981.

<sup>26</sup> See *Nodon sinmun*, Oct. 7 and 8, 1981; *Pravda*, Oct. 8, 1981.



impetus given to the development of river transport and part of haulage carried out by river instead of railways and also that the capacity be enlarged of not only the Nampo port but also the Songrim and Pyongyang ports.<sup>27</sup>

The implementation of the plan for the transformation of nature (1982 was named the year inaugurating the transformation of nature),<sup>28</sup> the General Secretary of the WPK Central Committee and the Republic's President Kim Il Sung stressed in his 1982 New Year's speech, will call for a considerable army of workers, especially young, construction technology and equipment, cement and steelwork. This will, apparently, entail corrections of the planned targets for the second seven-year period and of export plans.

At the same time the new plan enables the DPRK to score greater success in coping with complicated problems of infrastructure and agriculture in a comprehensive way.

The deficiency of capital investment and the need for rigorous economy and the maximum utilisation of domestic resources call for improving the economic mechanism, granting bigger economic independence to local enterprises and raising their responsibility for the implementation of the regional and provincial development plans.

The recent period saw some reorganisation of the economic management system towards enhancing territorial principles. Along with maintaining sectoral committees and ministries as pivotal to running the national economy, a new body of provincial management was set up in 1981—the provincial economic management committee—while administrative committees of provinces, cities and districts were eliminated. The provincial economic management committees were assigned to run directly industrial enterprises, for the most part of local jurisdiction, and also construction. Provincial and district committees for running agriculture were formed earlier and entrusted with administrative and economic management of agricultural enterprises and sectors connected with the agrarian field, namely maintenance supply, transport, agricultural produce purchasing, etc.

All other material and non-material sectors (trade, urban communal services, labour administration, health care, culture and education) are run by provincial and district people's committees. The new system of local economic management produced new forms of pooling the efforts of administrative and economic bodies as represented by provincial committees and bodies of people's power. The provincial economic management bodies are directly subordinate to the Administrative Committee of the Democratic People's Republic of Korea and perform some functions of sectoral committees and ministries. In this way the latter run the local economy indirectly by determining economic, scientific and technological policy, coordinating provincial development plans and thus pursuing the course towards stronger concentration and centralisation of social production.

"One of the greatest drawbacks of socialist economic management today is the inadequate application of the law of value, lack of financial control and incorrect fixing of prices, which is the main cause of great wastefulness with productive assets, raw and other materials," Kim Il Sung, General Secretary of the WPK Central Committee and President of the DPRK, said.<sup>29</sup>

<sup>27</sup> See *Nodon sinmun*, Oct. 7 and 8, 1981.

<sup>28</sup> *Ibid.*, Jan 1, 1982.

<sup>29</sup> See *Nodon sinmun*, Dec 25, 1978.

Stronger financial control over the activities of the enterprises by banking organisations is to enhance production and financial discipline and to put an end to "undisciplined, arbitrary and disorderly spending", to "exceeding the state budget expenditures as a result of reckless spending on excessive ceremonies, for instance, unnecessary banquets and gatherings, on senseless gifts and also to spending on unplanned construction".<sup>30</sup>

The system of local budgets of the DPRK is to play an important role in strengthening financial discipline. The Statute on the system of local budgets of the Democratic People's Republic of Korea adopted in December 1978 was designed to consolidate the legal foundations of the development of the local economy and its ties with the centre. The Statute strengthened the role of the local power bodies in the economic life of the Republic's provinces and districts.

Much attention is paid to strengthening labour discipline and making more rational use of the work force, which was reflected in the Socialist Law on Labour passed in 1978 and the Labour Discipline Statute. The Law reinforces the economic levers of regulating the operation of enterprises, enhances the role of material incentives, more strictly regulates labour protection, the procedure of giving leaves and so on. The Statute "regulates labour beginning with work hours and shifts and ending with the problem of organising the working people's leisure".<sup>31</sup>

The problem of ensuring rational employment and combatting turnover of personnel is also of no small import for the Republic. Speaking at the meeting of labour administration officials (September 1979), Kim Il Sung pointed out that 25 per cent of those employed in local industries in fact constitute "surplus labour" and that factories and plants of central jurisdiction "also have surplus hands".<sup>32</sup> Better organisation, in particular, a more rational distribution of labour, may uncover additional labour reserves.

Stronger labour discipline is also to contribute to the elimination of end-of-the-month rush work practiced at some enterprises.<sup>33</sup> Beginning with late 1979 personal work-record cards have been introduced to daily record the performance of any given worker in the socialist emulation drive.

The development of the encouragement system is indispensable in improving the management mechanism. The DPRK tackles the problem proceeding from the programme principles of the second seven-year plan as regards the need "to combine correctly moral and material incentives".<sup>34</sup>

The Republic pursues the policy of the state regulation of the level of real incomes, which, given the food and consumer goods rationing system, offers a chance for economic manoeuvring. At the same time this fact prevents social strategy from becoming a constituent part of economic strategy and the social factor from regulating the proportions of social production.

The extensive use of extra-economic factors of raising the Korean working people's activity is an important feature of the way the problems of boosting production and raising labour productivity are being tackled at the present-day stage of the country's economic development.

<sup>30</sup> *Ibidem*.

<sup>31</sup> *Nodon sinmun*, Sept. 29, 1979.

<sup>32</sup> *Ibidem*.

<sup>33</sup> *Ibidem*.

<sup>34</sup> *Ibid.*, Dec. 18, 1977.

This is manifest above all in the special role assigned to moral, political and ideological incentives and also in the nationwide socialist emulation which was given the name of a "high-speed fight".

In the past few years the DPRK has paid greater attention to foreign trade as a factor of the Party's economic strategy. The Political Message of the WPK Central Committee (January 1978) and the resolutions of the 19th Plenary Meeting of the WPK Central Committee (December 1979) and of the 6th Party Congress referred to the development of foreign trade as a key trend and declared the importance of developing export production. The 6th Congress has set the task of increasing exports by 320 per cent over the present level by the late 1980s. To achieve this goal, it is necessary to develop the production of export goods, primarily raw and other materials, and to raise export quotas. In the late 1970s the DPRK speeded up its production of magnesite clinker (its output is to quadruple in seven years),<sup>35</sup> cement, non-metallic mineral resources, ferrous and non-ferrous metals, etc. Korean economic experts believe that a sharp increase in the export of non-metallic mineral resources by the end of the seven-year period "will give the DPRK greater stability at the world market".<sup>36</sup>

Along with expanding the export base, measures are taken to reorganise the foreign trade apparatus—ten foreign trade firms have been set up under the leading sectoral committees or the Republic's ministries<sup>37</sup> subordinate both to the corresponding sectoral committee or ministry and Ministry of Foreign Trade. These firms are to sell additional products, which have not been included in the export plan of the Ministry of Foreign Trade, or to make additional purchases of products that have not been envisaged by the import plan for the corresponding year.

More vigorous foreign economic activity of the DPRK has had a favourable effect on the country's expanding foreign trade. For instance, the Republic's exports grew by 30 per cent in 1979<sup>38</sup> as against the previous year, while from 1971 to 1978 its annual growth rates amounted on average to 6.7 per cent.

As before the socialist countries feature prominently in the Republic's foreign economic relations, supply it with products it badly needs, help it build several enterprises and maintain scientific and technological cooperation with it. The implementation of the economic programme adopted by the 6th WPK Congress will largely depend on the further development of contacts with socialist countries. Kim Il Sung emphasised in the Report of the WPK Central Committee to the 6th Congress that "the Party will continue striving untiringly to strengthen cohesion with the socialist countries and to develop friendship and cooperation with them on the basis of the principles of independence and proletarian internationalism".

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<sup>35</sup> *Foreign Trade of the Democratic People's Republic of Korea*, 1979, No. 5, p. 2.

<sup>36</sup> *Ibid.*

<sup>37</sup> These firms have been set up under the committees of the mining and light industries, of agriculture, the Ministry of Engineering, etc.

<sup>38</sup> See *Aradon summit*, Jan. 1, 1980.

## SOCIAL IMPLICATIONS OF SCIENTIFIC, TECHNICAL PROGRESS IN JAPAN

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[Article by Yu. I. Berezina, candidate of geographic sciences]

The scientific and technological revolution in Japan coincided with a transition from a predominantly extensive model of development to an intensive one, a transition which had been considerably delayed as compared with other industrialised capitalist countries and which was carried out at a rapid pace. Relying on the experience, technology, knowhow and discoveries of other countries, Japan nevertheless accomplished this transition in accordance with its own historically determined features.

Scientific and technological progress became one of the more important factors of Japanese economic growth, primarily as regards the country's rapid growth of the GNP and labour productivity. Between 1955 and 1960 scientific and technological progress accounted for 19.5 per cent of the GNP increase; in 1961-1965 for 24.8 per cent, in 1966-1970 for 37.9 per cent, in 1971-1972 for 47.1 per cent, and in 1975-1980, from 63 per cent to 67 per cent annually.<sup>1</sup>

Beginning with the late 1960s and particularly in the 1970s scientific and technological progress in Japan acquired a basically new character, largely as a result of a transition to automated technology based on multiprogramme computers, large-scale usage of electronically-controlled production equipment (programme-controlled machine-tools, automated flow-lines, etc.) and industrial robots. The large-scale introduction of computer technology, particularly microelectronics, which replaced to a great extent human labour both in production and in management, took place in Japan in the second half of the 1970s, a period which also saw the application of computers in the information industry.

As distinct from other industrialised capitalist countries, Japan introduces scientific and technological achievements in non-material production, such as trade, and particularly the services, on a limited scale. These industries are growing primarily by attracting additional labour, although the second half of the 1970s saw a marked increase in the use of microelectronics in printing, communications, health care, offices, etc.

Throughout the postwar period Japanese society, just as in other industrialised capitalist countries, has continued to be polarised along class lines. In Japan, however, the process of polarisation has proceeded perceptibly faster, spurred on by a high economic growth rate as a result of scientific and technological progress. The size of wage labour was growing at the rate of 6.95 per cent a year in 1950-1955 and 6.1 per cent in 1955-1960. In the 1960s this figure has somewhat decreased to 4.15 per cent in 1960-1965 and to 3.5 per cent in 1965-1970. Nevertheless, they were higher than in many West European countries. As a consequence, dramatic changes took place in the social structure of Japanese society: while

<sup>1</sup> See *White Book on Science and Technology*, Tokyo, 1978, p. 2, *Keizai*, 1982, No. 214, p. 20 (in Japanese).

in 1950 wage labour constituted less than 40 per cent of the gainfully employed population, by the early 1970s it had grown to nearly 65 per cent.

The proletarianisation process somewhat slowed down in the 1970s. The average annual growth rate in the size of wage labour was two per cent during the first half of the decade and a little more than one per cent during the second half. This slow-down was a consequence of a transition from a predominantly labour-intensive to a predominantly capital-intensive model of development, stemming from a much extensive use of labour-saving technology and processes.

Changes in the employment patterns under the impact of shifts in the economic structure, however, were varied. A sharp economic downturn in agriculture, forestry, fishing and maritime trade as a result of the post-war modernisation of the Japanese economy led to a considerable decrease of employment in those formerly important industries. The number of people employed in these industries dropped from 48.3 per cent in 1950 to 17.4 per cent in 1970, 12.6 per cent in 1975, 10.4 per cent in 1980 and 10.1 in 1981.<sup>2</sup>

Employment in industry increased, although at different rates for different branches. The size of the workforce in the manufacturing industries continued to grow until the early 1970s, creating the impression that Japanese industry grew in a different way from that of the other industrialised capitalist countries, where the growth of the size of the employment at manufacturing industries tapered off in the mid-1950s (the USA and Britain) or in the mid-1960s (FRG and France). The mid-1970s, however, saw a decline in the employment in the manufacturing industries instead of growth, with the development patterns of the other industrialised capitalist countries repeating themselves in Japan, with a delay of 5-10 years.<sup>3</sup>

Employment continued to grow in science-intensive industries, such as instrument-making and electric engineering, where the labour-saving effect of new technology had not yet made it unnecessary to create new jobs to keep pace with expanded production. The size of permanent wage labour in instrument-making in 1980 constituted 109.9 per cent of the 1975 level, whereas for electric engineering the figure was 111.3 per cent.

The situation in the food and clothing industries was characterised by the growth or rough stability of the employment level owing to a considerable expansion of production and range of products offered, as well as to the limited introduction of new technology. At the same time the employment level in such key industries as chemical, oil refinery, coal processing, transport and general engineering, metal-working, textiles and printing continued to shrink despite the growing volume of production under the impact of new technology and equipment. The size of permanent wage labour in the chemical industry, for instance, in 1980 was 90.2 per cent of the 1975 figure, in oil refinery and coal processing 91.2 per cent, in transport engineering 87.3 per cent, in general engineering 88.3 per cent, in metal-working 93.5 per cent, in textiles 79 per cent and in printing 93 per cent.

These statistics were confirmed by special studies carried out in 565 manufacturing companies in 1979 and which showed that employment in

<sup>2</sup> See *Statistics on Economics (Yearbook)*, Tokyo, 1970, p. 270; *Statistics on Labour*, 1980, Tokyo, 1980, p. 28; *Statistics on Labour*, 1982, Tokyo, 1982, p. 25 (all in Japanese).

<sup>3</sup> The late 1970s and the early 1980s saw slight increase in the employment level, both in actual size and in per cent, in the manufacturing industries.



them had fallen by 298,000 workers (11 per cent) from 1973 to 1978. During the same period the volume of sales per employed rose by 70 per cent, the amount of surplus value per employed by 60 per cent and the fixed assets per employed by 55 per cent.<sup>4</sup>

As distinct from the manufacturing industries, employment in the construction continued along a line of rapid growth until the late 1970s. The per cent of workers employed in that industry rose from 7.7 of the work force in 1970 to 9.9 in 1980, or by 1,535,000 workers.

Employment also increased in transport, communications, energy, gas and water supply, also due to the fact that the expansion of production in them outpaced the introduction of labour-saving technology.

Until the late 1970s the growing demand for labour in construction, transport and the other abovementioned industries outstripped the release of labour from the manufacturing and extracting industries, thus maintaining a sort of balance in industry as a whole. However, the dynamics of employment in non-material production made a particularly noticeable effect on the Japanese labour market. While the number of newly-created jobs in industry as a whole amounted to 1,290,000 in 1970-1975 and 3,120,000 in 1975-1980, in trade and finance it reached 1,525,000 and 1,415,000 respectively and in the services 1,055,000 and 1,715,000. In 1965 the non-productive industries accounted for 42 per cent of total employment, in 1970 for 47.3 per cent and in 1980 for 54.6 per cent.<sup>5</sup>

That was how the trend which made itself felt in other developed capitalist countries during the 1950s-1960s manifested itself in Japan. Its stronger impact in that country is explained by the special intensity of urbanisation and by the assimilation of European lifestyles with the resultant growth of family spending on additional individual goods and services.

According to Japanese forecasts, employment in the non-material industries will continue to rise. For instance, the Japanese economic research centre predicts that by 1985 the per cent of the work force employed in agriculture, industry and the services will be 8.9 per cent, 36.3 per cent and 54.8 per cent respectively.<sup>6</sup> A research association on employment policy problems has come up with slightly different figures, estimating that the approximate figures in 1985 will be 7 per cent, 35.3 per cent and 57.6 per cent, respectively.<sup>7</sup>

These estimates are based on the assumption that the expansion potential of non-material production is far from exhausted and that introduction of labour-saving technology in that field will not exceed rather modest bounds. This assumption, however, is not confirmed by the actual development processes of other industrialised capitalist countries. It can be presumed therefore that Japan has experienced a temporary delay in entering the phase of development in which intensive introduction of new technology and processes in the non-productive industries will deprive it of its role as a sponge absorbing "surplus" labour.

Although the scientific and technological revolution vigorously ousts old-type small and medium-sized businesses unable to maintain high efficiency and become incorporated in the relationships developed by large companies, small-scale production plays a higher role in Japan than in other industrialised capitalist countries. By the beginning of the 1970s,

<sup>4</sup> See *Keizai*, 1980, No. 190, p. 48.

<sup>5</sup> See *Statistics on Hired Labour*, 1970, Tokyo, 1970, p. 65; *Economics Manual 1980* Tokyo, 1980, p. 260; *Statistics Manual*, 1982, p. 25 (in Japanese).

<sup>6</sup> In *The Future of Labour Problems in Japan*, Tokyo, 1977, p. 60.

<sup>7</sup> See *Transactions of the Economic Research Centre in Japan*, 1976, No. 275, p. 29.

small and very small businesses (employing one to 100 workers) constituted 92.2 per cent of all businesses and employed 72.3 per cent of the total work force. The share of small commodity production in the manufacturing industries was 97.8 per cent and its share of employment 54.8 per cent; the figures for trade were 96.8 and 72.8 per cent, respectively.<sup>8</sup>

The growth of the social division of labour and changing patterns of demand under conditions of the scientific and technological revolution make small businesses precisely suited to performing specific functions, such as the production of unique and small batch products, finishing operations, etc. This factor substantially slows down the tendency for small production units to become extinct. The second half of the 1960s even saw a tendency for the growth of small businesses employing four to nine people (214,000 in 1968 as compared with 79,000 in 1960) with a simultaneous reduction in the number of very small businesses, employing one to three workers (223,000 in 1968 as compared with 249,000 in 1960).<sup>9</sup>

It is symptomatic that the expansion of general employment in industry described above was accounted for primarily by medium-sized, small and very small businesses which could not invest heavily in expensive new technology. This is illustrated by the dynamics of employment in relation to the size of business. Between 1975 and 1978 wage labour at businesses employing one to four workers grew by 6.7 per cent, at businesses employing 30 to 99 workers by 7.3 per cent, at businesses with 100-499 workers by 2.6 per cent, while the enterprises employing more than 500 workers each cut back their work force by 10.1 per cent.<sup>10</sup>

Obviously, the employment situation in the future will largely depend on the accessibility of new technology and processes with their high labour-saving effect to small and medium-sized Japanese businesses. In the United States and Western Europe such technology is already within the reach of these businesses thanks to the introduction of microelectronics.

A change in objective requirements of the quality of labour is an important consequence of the scientific and technological revolution. This is reflected in the growing general educational level of workers, in changed occupational and skill patterns and in different contents and character of their work.

During the 1970s employment of workers doing predominantly mental work outpaced that of manual workers. At the same time the share of college graduates was steadily growing. The proportion of college-educated employees grew from 20.7 per cent in 1970 to 38.5 per cent in 1980, primarily on account of a sharp decrease in the proportion of graduates of secondary schools (from 20.4 per cent in 1970 to 8.3 per cent in 1980).

In the 1980s job training has been extended to almost all workers, paid for by large companies or by the state budget in the case of small businesses. Job training in classes on improvement of production quality has become widespread in Japan: altogether seven million workers have attended such classes between 1962 and 1980. The social and occupational patterns of wage labour have changed considerably. This change is manifest primarily in the continuous and tangible increase of both the number and the proportion of engineers and technicians, research workers and managers. At the same time the share of farm workers, fishermen, hunters, lumbermen and unskilled workers in industry, const-

<sup>8</sup> Calculated from *Economics Manual*, 1971, Tokyo, 1971, pp. 188-189 (in Japanese).

<sup>9</sup> *Economics of the East*, July 26, 1970, p. 9 (in Japanese).

<sup>10</sup> See *Labour Association Journal*, 1980, No. 3, p. 11 (in Japanese).

nction, transport and communications is steadily decreasing. An especially marked change took place during the 1970s, especially in the second half of the 1970s, when new technology and equipment were intensively introduced. Between 1970 and 1979 the share of technical specialists, managers and trade personnel grew by 4.3 per cent for men and 8.4 per cent for women. Therefore, the share of white-collar workers was growing particularly rapidly among women, reflecting a considerable rise in the educational level of women employees. At present, altogether 94.4 per cent of women complete their secondary education (the figure for men is 92.7 per cent) and 33.7 per cent—higher education (the figure for men is 31.9 per cent).<sup>11</sup>

Labour in industry, construction, transport and communications grew primarily with the addition of skilled personnel. During the 1970s, however, especially in the second half of the decade, new types of not only skilled but also simple work became widespread as a consequence of the introduction of new technology and equipment. This tendency gave rise to a new type of unskilled worker who has a high general education but performs simple non-manual functions.

The impact of the scientific and technological revolution on the character of work is very uneven, however. There still remain many businesses and production lines with very backward production facilities and technological processes against the background of the latest technological and production achievements. Modern highly-skilled work is found side-by-side with dull arduous manual work. According to studies done in the second half of the 1970s, only 21.1 per cent of the Japanese work force were employed in conditions of 100 per cent mechanisation, whereas 27.3 per cent of all workers had to handle manually loads weighing from 20 to more than 50 kg.<sup>12</sup> This fact gives a special edge to the problem of incomplete or inadequate use of skilled workers.

The growth of the educational level of the Japanese working class facilitated the drawing closer together of its different contingents. This process is illustrated by intensive occupational mobility. High mobility is typical for relations between the engineers and technicians, on the one hand, and skilled industrial workers, on the other; about 45 per cent of Japanese businesses resorted to temporary use of engineers and technicians instead of skilled workers if need be, while 16 per cent of factories faced with shortages of engineers used the services of skilled workers. Altogether 61 per cent of all enterprises could upgrade unskilled labour to cope with a shortage of skilled workers.<sup>13</sup>

The erstwhile isolation of workers of small businesses was lessened by the growing scope of job training and by its higher quality. Movements of workers between enterprises of different size, from smaller to larger during periods of economic recovery and back during recession, have become far more intensive.

Another characteristic feature of the Japanese labour market was its feminisation in the late 1970s. A major factor here was a rise in the employment of female labour along with a substantial reduction in the employment of male workers. During the decade the size of female wage labour almost doubled, from 10.9 to 20.8 million, and by the end of the de-

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<sup>11</sup> In *Japan Labour Bulletin*, 1979, No. 12, p. 7.

<sup>12</sup> See *Labour Statistics Yearbook*, 1977, Tokyo, 1977, p. 307 (in Japanese).

<sup>13</sup> See *Living Standards Statistics Yearbook*, Tokyo, 1976, p. 21 (in Japanese).

code roughly 50 per cent of all working-age women were employed.<sup>14</sup> They accounted for 33.9 per cent of the total wage labour in 1980 (as compared with 26 per cent in 1950, 30.4 per cent in 1960 and 32.4 per cent in 1970).<sup>15</sup>

The expansion of the female labour market was caused by changes in production operations as a consequence of new technology: female labour grew considerably in engineering, particularly in transport engineering, in electric engineering and instrument-making. These industries already have individual production lines and even plants serviced entirely or almost entirely by women. For instance, Yamaha Katsudoka employs only women at its motor-bicycle assembly line following the introduction of new technology.

Female labour has grown particularly rapidly in the non-production industries. The share of women in the services, for instance, was 57.2 per cent in 1980, among office workers, in banking, crediting, insurance and real estate 50.4 per cent, and in wholesale and retail trade more than 40 per cent.<sup>16</sup>

The average age of employed women rose and reached 33.9 years by the end of the 1970s as compared with 30.3 years in 1970 (25.3 in 1954). These figures indicate the growing employment of women from older age groups, including married women. In the late 1970s the share of employed married women was 54.5 per cent as compared with 40.1 per cent in 1970 and 32.7 per cent in 1962. The average work record of the female employee was 5.8 years as compared with 3.6 years in the 1950s. At the same time the size of female labour grew primarily on account of temporary, daily and part-time women workers, whose share in total female employment rose from 12.2 per cent in 1970 to 19.3 per cent in 1980.<sup>17</sup>

The intensive involvement of women in the army of wage labour gave an edge to the problem of ensuring equality between men and women in employment and pay, as even today female workers earn on average half of men workers' wages.

The ability for retraining and for moving from one occupation to another is a major qualitative characteristic of labour under conditions of scientific and technological progress. That is why the importance of younger generations of workers grows. Their higher physical mobility, intellectual flexibility, and a higher level of occupational training made it easier for young people to adapt themselves to changes in equipment and technology.

At the same time the influx of young workers into the labour market is diminishing in Japan, both because of the rising age of workers entering employment due to the increased duration of training and because of the rapid ageing of the Japanese population as a consequence of declining birthrate and rising life expectancy. The birthrate decreased from 28.1 per cent in 1950 to 18.5 per cent in 1970 and 14.9 per cent in 1978. The average life expectancy of men rose from 58 years in 1960 to 69.3 in 1970 and 73 in 1978, and that of women from 61.5 to 74.7 and 78.3 re-

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<sup>14</sup> See *Labour in Japan Yearbook 1978*, Tokyo, 1978, p. 75; *Labour in Japan Yearbook 1981*, Tokyo, 1981, p. 70 (in Japanese), *Country Labour Profile: Japan*, Washington, 1978, p. 8.

<sup>15</sup> In *Japan Labour Bulletin*, 1979, No. 12, p. 7.

<sup>16</sup> See *Labour Association Journal*, 1981, No. 1, p. 22; *Report on the Population Census*, Tokyo, 1981, p. 101 (in Japanese).

<sup>17</sup> See *Keizai*, 1981, No. 4, p. 149.

spectively.<sup>18</sup> As a consequence, the share of the 15 to 24 age group decreased in 1960-1975 from 23.4 to 15.5 per cent, while the percentage of the 25-34 age group rose from 25.7 to 26.1, the 35-44 group from 19.6 to 24.2, the 45-54 group from 16.1 to 19 and the 55-64 group from 10.3 to 10.6 per cent.<sup>19</sup> According to the figures of the Japanese Institute of Demography, the share of people above 45 years of age in the working-age population will reach 42.8 per cent in 1985 and 49.1 per cent in 1995, and that of people above 55 years of age 49.1 and 50.4 per cent, respectively.<sup>20</sup>

Japan leads the industrialised capitalist countries in the proportion of aged people who remain gainfully employed. According to a study done by the Ministry of Labour in 1980, at that time 88.9 per cent of all people in Japan in the 55-59 age group, 74.5 per cent of the 60-64 age group and 61.3 per cent of the 65-69 age group were in the work force.<sup>21</sup>

The rapid ageing of the population in general and the high per cent of economic activity of older people result in the higher rate of ageing of labour in Japan as compared with other industrialised capitalist countries. The labour market was clearly dominated by middle- and old-age workers as early as the mid-1970s.

In mid-1980 elderly workers constituted 6.2 per cent of the total wage labour army. The share of elderly labour in the total workforce differed substantially from one business to another depending on its size. For instance, the figure for businesses employing 100-299 workers was 8.9 per cent, those with 300-499 workers 7.1 per cent, those with 500-999 workers 6.3 per cent and large businesses with 1,000 people or more employed 4.5 per cent of elderly workers.<sup>22</sup> The number of unemployed actively looking for jobs in the 55-59 age group doubled during 1970s, whereas demand for aged labour decreased considerably.

The ratio of openings to job-seekers in different age groups indicates that a shortage of young workers, particularly those under 19 years of age, remained throughout the 1970s. At the same time the demand for middle aged and elderly workers dropped substantially. This is explained to a large extent by the reorientation of labour demand to female labour, which as a rule, has a higher educational level, receive smaller wages and is capable of better adapting to rapid changes in equipment and technology than aged workers.

The early 1980s saw a contradictory situation in the Japanese labour market characterised by a certain demand for labour, primarily highly-skilled workers, under conditions of continued and even growing unemployment. At the same time the number of jobs for highly-skilled labour began to decrease.

Unemployment in Japan was declined both in absolute figures and percentage during the 1950s and the 1960s owing to the fact that the economic growth rate outpaced the growth rate of labour. It was not until the 1970s that unemployment exceeded—1.3 per cent of the economically active population. In 1970, the rate of unemployment was almost double of that of 1960, and later nearly doubled again, and then decreased after reaching its peak after 1978.

As distinct from other industrialised capitalist countries, where unem-

<sup>18</sup> See *Statistics Manual, 1980*, p. 22 (in Japanese).

<sup>19</sup> See *Transactions of the Economic Research Centre in Japan, 1980*, No. 379, p. 18 (in Japanese).

<sup>20</sup> See *Keizai, 1981*, No. 4, p. 152.

<sup>21</sup> See *Labour Statistics Monthly, 1980*, No. 8, p. 35.

<sup>22</sup> See *Keizai, 1981*, No. 4, p. 153.



ployment is particularly high among young people and women, in Japan unemployment is the highest among men, primarily those in middle-aged and elderly groups. The trend increased particularly during the 1970s. While in 1970 37.3 per cent of the totally unemployed were 15 to 24 years of age, 32.3 per cent 25 to 39 years of age and 30.5 per cent 40 years and more, in 1976 the respective figures were 22.8, 36.2 and 41 per cent.<sup>23</sup> The duration of unemployment of middle-aged and elderly men also increased. While in 1974 Japan had 70,000 elderly unemployed who had been out of work for more than one year (7.9 per cent of total unemployment), in 1978 the figure was about 240,000 (17 per cent).<sup>24</sup>

In December 1979 men constituted 780,000 (67.2 per cent) and women 380,000 of the total unemployment of 1.16 million. According to a report by the Japanese Ministry of Labour, 61.7 per cent of all unemployed were looking for reemployment, 8.5 per cent were post-graduates and 29.8 per cent were out of work for other reasons.

It should be borne in mind that official Japanese figures represent only totally unemployed, while those who work at least an hour a week are regarded as partially employed. That is why the figures above do not represent actual unemployment because the bulk of joblessness is made up by part-time, temporary, daily and other non-permanent workers.

In the late 1960s non-farm industries employed 2.7 million non-permanent wage workers including 1.4 million temporary, 590,000 daily, and 690,000 workers at home. In the late 1970s the figures were 5.2 million, 2.7 million, 1.6 million and 940,000. The number of workers employed less than 200 days a year grew from 1.4 million in the late 1960s to 3.9 million in the late 1970s.<sup>25</sup> Since regulation of employment at a time of economic recession begins with the dismissal of temporary, daily, and contract workers and people working part time, all these representatives of "unstable employment" immediately swell the totally unemployed army during economic slumps.

Unemployment has hit all the industries and occupations in Japan, but the average unemployment figures are considerably higher in material production than they are in the non-production industries, particularly in the services, which is explained by the faster rate of technical modernisation and improvement of processes in industry, construction, etc. On the whole the pattern of unemployment by industries bears the imprint of changes in employment patterns.

Although unemployment in Japan is still lower than in other industrialised capitalist countries, the problem of joblessness is growing along with the expanded introduction of new technology and equipment. Naturally, this makes efforts for employment, for higher unemployment benefits and for better retraining opportunities for middle-aged and elderly factory and office workers particularly important among the other economic demands of the working class and trade union movement today.

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<sup>23</sup> See *Keizai Shinbun*, 1977, No. 5, p. 78.

<sup>24</sup> See *Keizai*, 1980, No. 190, p. 61.

<sup>25</sup> See *Keizai*, 1981, No. 4, p. 150.

## CIA ROLE IN VIETNAM WAR CHRONICLED

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[Article by F. M. Sergeyev: "From the History of U.S. Aggression in Vietnam"]

Today it is common knowledge that in its effort to force the Vietnamese people to their knees and thwart the unification of Vietnam the US confronted Vietnam not only with the entire might of the American war machine, but also with all the trickery of US security service. There is now no doubt that from the very moment of the French colonialists' withdrawal from Vietnam the CIA launched a secret war there on an unprecedented scale. American imperialism stopped at nothing and went to any length to deprive the Vietnamese people of the fruits of revolution.

However, the US ideological apparatus which takes its orders from the ruling elite wishes to hoodwink the world public and rehabilitate US imperialist aggression by alleging that it was the Democratic Republic of Vietnam that played aggressor there. With this aim in view attempts are being made to distort the true history of the Vietnam war. But documented evidence that has surfaced in the West in the last decade helps divulge the secret surrounding the preparation of imperialist aggression in Vietnam and reconstruct the picture showing how the US planned and staged the conflict.

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The DRV was formed as a result of the triumph of the August Revolution of 1945 in Vietnam. The French imperialists, unreconciled with the loss of a former colony, began military operations, seized Saigon and other major cities and established control over the main roads in South Vietnam. However the *blitzkrieg* plans of aggression were frustrated by the Vietnamese people's courageous struggle which took the form first of a drawn-out guerrilla warfare and then of a modern mobile war.

In 1948 the French set up a puppet government in occupied territory headed by Nguyen Suan and a year later announced the formation of a "State of Vietnam" headed by the former emperor Bao Dai. The tough military situation forced France to apply for help to the American government. Seizing this opportunity the US decided to interfere in the internal affairs of Vietnam.

On July 25, 1950 President Ho Chi Minh told journalists: "The French colonisers are waging war in Vietnam, Cambodia and Laos with American money, American weapons and at American bidding".<sup>1</sup> In 1950-1951 alone the US supplied the French troops with 73,000 tons of matériel and 126 war planes. Yet despite expanding American aid (in 1950-1951 it amounted to 15 per cent of all military expenditures of the French occupiers in Vietnam, in 1952—35 per cent, in 1953—45 per cent, in 1954—80 per cent) the plight of the expeditionary corps was becoming progressively hopeless. At the beginning of 1954 the People's Army of the DRV dealt a crushing blow to the occupation troops at Dienbienphu, having frustrated the imperialists' plans of prolonging war in Indochina. "This outstanding success which completed the nine-year Resistance war

<sup>1</sup> Ho Chi Minh, *Selected Articles and Speeches*, Moscow, 1959, p. 346 (in Russian).

against the French colonialists," said Le Duan, "went down in 20th century world history as a brilliant military victory that broke the chain of domination in the imperialist system of colonial bondage."<sup>2</sup>

Serious military setbacks, heavy losses in personnel (from December 1946 to July 1954 the French colonisers lost over 466,000 officers and men) and insistent demands of the forces of peace and democracy headed by the Soviet Union to put an end to the colonial war in Vietnam forced the French government to sit down to negotiations. In July 1954 at an international conference in Geneva attended by the Great Powers accords were signed which recognised the right of the peoples of Vietnam, Laos and Cambodia (Kampuchea) to independence, sovereignty, unity and territorial integrity, and were designed to ensure their neutrality.

The Eisenhower administration refused to sign the Geneva accords on the settlement in Indochina and the National Security Council assessed them as a "disaster". Officially, however, the White House made a "unilateral declaration" to the effect that the US took the Geneva accords into account and had no intention of acting contrary to them.<sup>3</sup> This diplomatic ploy was covering Washington's far-reaching secret plans whose realisation was assigned to the CIA.

President Eisenhower compared Asia in those years to a house of dominoes. If one takes one of them, he said, it is clear what will happen to the rest: they will quickly topple down. That's the beginning of disintegration which will have far-reaching results. Should Communists take Indochina, continued Eisenhower, then next to fall would be Burma, Thailand, Malay and Indonesia. The falling dominoes could break the insular defensive chain of America, Eisenhower went on, consisting of Japan, Formosa (Taiwan), the Philippines and farther south, threatening Australia and New Zealand.<sup>4</sup> Such was how the notorious "domino theory" was born which ultimately became the guiding precept of the Washington strategists who sought US domination in different parts of the world.

Besides the "spread of communist influence" in Southeast Asia, the US feared the loss of "irreplaceable sources of raw materials". In 1953 at a state governors' conference, Eisenhower stated that if the USA loses Indochina, deliveries of tin and tungsten so valuable to America will stop. Thus when the US decides to appropriate \$400 million for military aid, the President continued, it's not a give-away. This money will make it possible to forestall emergencies which may have most detrimental consequences for the USA, namely, a loss of American domination and possibilities to get the necessary raw materials from the richest regions of Indochina and Southeast Asia.<sup>5</sup>

It was just at this time that Edward Lansdale entered the Vietnamese scene, whose name is connected with the Philippines' transformation in the 1950s into "an arena of the CIA's most successful activity".<sup>6</sup> "The

<sup>2</sup> Le Duan, *Selected Articles and Speeches (1965-1970)*, Moscow, 1971, p. 178 (in Russian).

<sup>3</sup> See *Climbing the Steps of War and Deception*, Moscow, 1971, p. 34 (in Russian).

<sup>4</sup> See R. J. Donovan, *Eisenhower: The Inside Story*, New York, 1956, p. 261.

<sup>5</sup> See *Dr. Spock on Vietnam*, Moscow, 1970, pp. 20-21.

<sup>6</sup> At one time Lansdale was an advertising specialist and won fame by his knack for "advertising" the American way of life. Later, as an officer in the Air Force, he became a leading figure of the CIA-inspired struggle against the patriotic forces in the Philippines. Lansdale's "exploits", first in the Philippines and then in Vietnam, became so notorious that he was used as the prototype for the main characters in two bestsellers—*The Ugly American* by W. Lederer and E. Burdick and *The Quiet American* by G. Greene.

role of US imperialism in the defeat of the Huk struggle," writes well-known American historian W. Pomeroy, "has been openly and frequently admitted and boasted about by the US government and its military and intelligence agencies. Credit for the suppression campaigns, military and political, is given to Brigadier General (then Colonel) Edward Lansdale, the CIA agent, who on the basis of his Philippine success was later assigned to South Vietnam".<sup>7</sup>

Under the fresh impression of victory over the Huks in the Philippines, the US administration decided to use that experience in Vietnam. Defeat of the French in 1954 made President Eisenhower and Secretary of State John Foster Dulles look for a suitable candidate to head the puppet government in Saigon, one who would be able to build a bulwark to "protect the country from a complete take-over by Communists". The delicate mission of searching out a puppet was assigned to Colonel Lansdale. Soon he got on the trail of one South-Vietnamese emigrant living in New York. According to Paul Jeffers, Lansdale found a small stocky man with a strange wooden gait and gestures that made one think of a puppet.<sup>8</sup> That was none other than Ngo Dinh Diem, a catholic and man who seemed to Lansdale to be "saddled with a lot of worries and in need of friends". And Lansdale spared no effort to become Diem's "real and faithful friend".<sup>9</sup>

Having convinced himself that Diem, a fierce anti-Communist, was the most suitable man for his would-be role in the Saigon administration, Lansdale reported his "find" to CIA director Dulles. The latter passed on the message to his brother—the Secretary of State—who in his turn informed the President. They all approved the proposal. Leaving the CIA outside the picture, the American magazine *Look* offered the following comment on Diem: "Secretary of State John Foster Dulles picked him. Senator Mike Mansfield endorsed him, Cardinal Francis Spellman praised him, Vice-President Richard M. Nixon liked him, and President Dwight Eisenhower OK'd him".<sup>9</sup>

As early as October 26, 1954 Eisenhower sent Diem a letter saying, among other things, the following: "Although the main responsibility for the defence of South Vietnam's independence will always rest, as in the past, with the Vietnamese people and its government, I want to assure you that the US, so far as it is in our power, is ready to back Vietnam in the future as well in this difficult but promising struggle."

From its very first steps the Saigon government headed by Ngo Dinh Diem and fully supported by the US was bent on undermining the Geneva accords, perpetuating a division of the country and consolidating the pro-American regime in South Vietnam. All attempts by the patriotic forces to support the unification of the country were cruelly suppressed, all activity of democratic organisations was completely banned and the decrees of the DRV government, as well as the measures of the people's authorities undertaken in 1945-1954 in free regions and territories of guerrilla warfare, were declared unlawful.

As of January 1, 1955 the US began direct and intensive military aid to South Vietnam. On February 12 several hundred American military advisers were sent there to train and prepare the South Vietnamese Army. Four days later a new military bloc—SEATO (South-east Asia

<sup>7</sup> W. Pomeroy, *An American Made Tragedy*, New York, 1974, p. 82.

<sup>8</sup> See P. Jeffers, *The CIA: a Close Look at the Central Intelligence Agency*, New York, 1970, p. 84.

<sup>9</sup> *Look*, 28.1.1964.

Treaty Organisation) — was formed as an instrument of US expansionist policy in the region and South Vietnam was put under its umbrella. One of the main objectives of the US ruling circles was to prevent the unification of North and South Vietnam on a democratic basis. As stressed by former Secretary of State Dean Rusk, the 17th parallel in Indochina was a frontier between capitalism and socialism and the US would not tolerate its destruction.<sup>10</sup>

Allen Dulles suggested that Lansdale be chief of a special mission in Saigon. At a meeting of senior US administration officials he had no trouble in persuading those present, including Eisenhower, that Lansdale was the right man for the job since he was versed in all the unorthodox methods of intelligence work.<sup>11</sup>

Having commenced his duties, Lansdale devised an extensive programme of subversive actions against North Vietnam. His agents who were secretly dispatched to Hanoi right after the withdrawal of French troops were instructed to destroy communication lines, oil-tanks and industrial enterprises. Simultaneously, Lansdale came up with a plan of "psychological warfare", as he was considered an "unsurpassed authority" on the matter. The plan envisaged as a first step dissemination in Hanoi of "black leaflets" made by the CIA and alleged to originate from the Front of Left Democratic Organisations. The leaflets announced new administrative regulations which allegedly were to come into force in October 1954 and concerned the property status of different strata of the population, the would-be monetary reform, etc. The fabrication was aimed at causing panic, undermining the monetary system and spurring an exodus of refugees to the South. In addition to "black leaflets" the special mission in Saigon printed "Astrological almanacs" which were distributed throughout the country, particularly in those regions of South Vietnam where the puppet regime's authority was precarious. The almanacs' compilers, playing on the religious prejudices of certain segments of the population, prophesied a coming collapse of the people's power.

American authors V. Marchetti and J. Marks in their book *The CIA and the Cult of Intelligence* give the following assessment of Lansdale in Saigon: "He quickly became involved in organising sabotage and guerrilla operations against North Vietnam, but his most effective work was done in the South. There he initiated various psychological-warfare programmes and helped Diem in eliminating his political rivals."<sup>12</sup>

Lansdale played a major role in the preparation for and running of the election campaign when Diem stood officially for election as president of South Vietnam. As a result of various machinations Diem's victory in election was a foregone conclusion and on October 26, 1955 he became the first president of South Vietnam. In the US Lansdale was given full credit for the success of this "extremely responsible operation".

The Diem group set up in South Vietnam a military dictatorship backed up by the most reactionary pro-American landlords and comprador bourgeoisie. Despite the dictator's domestic policy of terror, a national liberation movement was gaining momentum in the country. In mid-1959 people's detachments of self-defence began to be formed in many countryside districts and by the end of 1960 a substantial part of South Vietnam's territory was already under control of patriotic forces.

<sup>10</sup> See *History of Diplomacy*, Vol. 5, book 2, Moscow, 1979, p. 251.

<sup>11</sup> G. Gold (ed.), *The Pentagon Papers* as published by *The New York Times*, New York, 1971, p. 35.

<sup>12</sup> V. Marchetti, J. Marks, *The CIA and the Cult of Intelligence*, London, 1974, p. 28.



On December 20, 1960 in a liberated district of Nambo a constituent congress of the National Front for the Liberation of South Vietnam (NFLSV) was held which adopted a manifesto and programme and elected a provisional Central Committee. The programme envisaged the construction of an independent, democratic, peaceful and neutral South Vietnam and the unification of the country by peaceful means. In compliance with the Geneva accords the DRV repeatedly made concrete proposals on holding general elections for the purpose of uniting the country, but the Saigon administration declared its non-recognition of the Geneva accords and rejected the convocation of a consultative conference and the holding of general elections.

In his memoirs President Eisenhower admitted that if general elections had been held in Vietnam in 1956, as envisaged by the Geneva accords, "possibly 80 per cent of the population would have voted for the Communist Ho Chi Minh".<sup>13</sup>

Using the Diem puppet regime, the US did everything in its power to create in South Vietnam a "state" that would outlaw the very ideas of communism.

The Lansdale team's manipulations can be divined behind all the events that unfolded overtly and covertly on the Saigon stage. Consistently siding with Diem, Lansdale helped him take the upper hand in a number of political clashes in the first months of his rule. However, Diem on settling down began to claim certain independence of action, sometimes diverging from the "big game" tactic of Lansdale. For example, contrary to the latter's advice, Diem did not find it expedient to manoeuvre in order to make a semblance of social changes in the country. Rejecting even the smallest political reforms, Diem aroused ever greater hatred of the people, thus putting in jeopardy the "vital interests" of the US.

Washington, nevertheless, continued to regard the Diem regime as the only alternative to the establishment of the people's power in South Vietnam, and therefore found it necessary to support Diem by all means, despite his mounting repressive measures. However, the Diem government was gradually losing control over the greater part of the country and the guerrilla action was gaining momentum with every passing day. Dispatches coming from Saigon to the new US President John Kennedy were becoming increasingly apprehensive. South Vietnam itself was the scene of perilously growing discontent over the Diem regime's policies of terror and corruption. In March 1961 the CIA supplied the White House with information that the influence of the NFLSV was growing, as well as the number of areas under its control, while the Diem regime was becoming unstable.

With the aim to stabilise South Vietnam's economic situation, the Kennedy administration in March and July 1961 granted aid to the Saigon regime in the form of foodstuffs and other agricultural goods. Incidentally, half of the revenues (in the local currency) from these supplies had to be used to cover the expenses of the US embassy in Saigon, while the other half was earmarked for the purchase by the Saigon authorities of military equipment and matériel. These allocations were provided for by a programme of "joint defence" of the US and South Vietnam.

In addition, to strengthen his power Washington provided the Saigon dictator with the means of increasing the army by 20,000 men and the civil guards by 32,000 men. In March 1961 President Kennedy approved

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<sup>13</sup> D. Eisenhower, *Mandate for Change: The White House Years, 1953-1956*, New York, 1963, p. 372.

the Joint Chiefs of Staff's plan enabling the US command to directly cope with "hot war" in Vietnam. This sanctioned direct US interference in the affairs of a sovereign state. On May 11 Kennedy considered the secret operations proposed by the Operational Group on Vietnam headed by Maxwell Taylor, the President's chief military adviser, and Walt Rostow, member of the National Security Council. This resulted in the endorsement of such actions as sending agents to North Vietnam by civil aircraft, infiltration of special South-Vietnamese forces into Southeastern Laos with the aim of destroying the NFLSV bases and communication lines, creation of "a network of resistance, secret bases and special groups for subversive and harrasing actions" in the territory of North Vietnam, flights over it to drop leaflets calling for anti-government actions. That marked the start of a "special war" against the Vietnamese people.<sup>14</sup>

During his very first year at the White House, Kennedy held some 50 conferences at the highest level to discuss US policy in Indochina. These conferences were attended by the leading figures of the State Department, the Pentagon, the CIA, as well as representatives of private corporations. A plan worked out by them stipulated certain military and social measures in South Vietnam to "restore the undermined trust" of the population in the authority of the comprador-feudal Saigon rulers.

Lansdale was recalled to the US and later reappeared in Saigon, this time with the rank of Brigadier-General. He advised Washington to resolutely counter guerrilla warfare in Vietnam by all means available to the US. Using CIA data Assistant to the President for National Security Affairs M. Bundy authored in May 1961 Memorandum № 52 which offered the programme endorsed by President Kennedy. It advocated the infiltration of secret agents into North Vietnam, creation of strongholds and secret bases on North Vietnamese territory and sabotage and attacks on strategic objectives.

The US administration steadily increased its direct interference in the struggle against the guerrillas. That stage was marked by the creation of special units—"Green Berets"—which underwent intensified special training and later became "famous" for their atrocities in the course of the war.

The CIA, together with the Pentagon, the State Department and the US Information Agency markedly increased the flow of information through various channels alleging an "unfavourable situation in North Vietnam". To "bolster up the morale of the population" in South Vietnam they resorted to propaganda and misinformation through the so-called "grey broadcasts" which artfully mixed facts with lies without naming sources of information.<sup>15</sup>

Lansdale, by this time, Deputy Secretary of Defense on "special issues", submitted a report to President Kennedy which recommended intensified struggle against the national liberation movement in Indochina. The report highlighted the importance of so-called "unorthodox methods" of warfare in developing countries and pointed out that well-chosen propaganda can become an effective means of countering the "communist threat." Far from rejecting the scorched earth policy, Lansdale advised that it be combined with broad psychological warfare. According to Arthur Schlesinger, the report had a strong impact on the President and stimulated new energetic actions.

<sup>14</sup> See *Climbing the Steps of War and Deception*, pp. 38-39 (in Russian).

<sup>15</sup> See V. V. Petrusenko, *The Secret Becomes Obvious: CIA and the Mass Media*, Moscow, 1978, p. 42-43 (in Russian).

In its full and final form the plan for US interference in the internal affairs of South Vietnam was formulated in a joint report issued by the Secretary of Defense and the Secretary of State submitted to President Kennedy on November 11, 1961, on the eve of the National Security Council session. At this session "Kennedy, in essence, accepted the Rusk-McNamara recommendations for a fateful step into direct involvement in the war".<sup>16</sup> On February 8, 1962 a new detachment of US military advisers was sent to Vietnam, followed by American troops, in 1963 their number exceeded 16,000.

The Saigon ruler Diem brutally suppressed all opposition in the country. His hatred was specially aroused by Buddhist sects known for their anti-government manifestations.

On May 8, 1963 government troops opened fire on Buddhists gathered for a religious holiday at the city of Hue. The Buddhists were fired at because they defied the decree forbidding processions with religious banners. Nine people were killed and 14 wounded as a result of the clash. A wave of protest swept South Vietnam. To symbolise their wrathful condemnation of the monstrous action Kuang Duk and several other Buddhist monks publicly burned themselves to death.

On May 18 US Ambassador Frederick Nolting, in meeting with Diem told him of the measures the US administration wanted to be taken to "pacify the Buddhists" and try "to restore the trust of the people". These measures envisaged, in part, the recognition of the regime's responsibility for the Hue events, payment of compensation to the wounded and relatives of the deceased and reaffirmation of religious equality in the country. But the ambassador's warning was of no avail for the Saigon dictator.

Only on August 11 did Diem at last agreed to make a public statement to the effect that certain concessions would be made to the Buddhists. This statement finally took the form of an interview in which the dictator alleged that his policy towards the Buddhists had always been "lenient" and called for public tranquility in the country and support for the government. However, soon after midnight on August 21 the president's brother Ngo Dinh Niu ordered his loyal troops to attack Buddhist pagodas and destroy sacred edifices throughout South Vietnam. Over 30 monks were crippled and about 1,400 were arrested as a result of this punitive operation.

Thus, Diem held firm, causing the serious apprehension of President Kennedy lest the US be identified with Diem's repressions of the religious sects. True, the American administration was little worried by the fact that Diem victimised the Buddhists with the help of special units supported by the CIA.<sup>17</sup> Nevertheless, the State Department continued to pressure Diem to terminate his anti-Buddhist campaign. This led to serious disagreements within the CIA itself, with the agency's residents in Saigon demanding a cut-off of US funds to Diem's special units, while the organisation's headquarters insisted on continuing such funding because these units were part of the forces fighting communism and the US could not afford their debilitation. Guided by this, the headquarters told the CIA residents in Saigon to continue paying money to Diem's special detachments. The headquarters' argument prevailed, but the crisis in South Vietnam, far from having been allayed, was becoming worse with every day.

<sup>16</sup> *Washington Post*, July 2, 1971.

<sup>17</sup> See W. Colby, *Honorable Men My Life in the CIA*, New York, 1978.

Soon the US administration had to admit that the Diem regime enjoyed no support in the country and had completely outlived itself. Of course, it was not the Buddhists' activity, so cruelly suppressed by Ngo Dinh Diem, that sealed his fate. After all, reprisals against Buddhists were nothing new—they had been going on for years even before 1963 without provoking the least reaction from Washington. The White House's decision to oust the Saigon dictator from the political game was mainly based on his complete inability to wage the war and his unwillingness to listen to American military advisers who proposed their own strategy and tactic of fighting the democratic forces.

"Can We Win the War with Ngo Dinh Diem?" asked an editorial in *The New York Times*, depicting a rather sombre prospect for the US in Vietnam. The press was rife with reports of clashes between Diem's high-ranking military officials and General Harkins's<sup>18</sup> officers and about the dictator's unwillingness to transfer the conduct of all military operations to the Americans. It was just this point that was of decisive importance.

Persecution of Buddhists would have gone unnoticed, says the well-known Australian journalist W. Burchett, a witness of the events, if not for the presence in Saigon of an NFLSV branch which soon turned manifestations for religious freedoms into a struggle for democratic freedoms in general and staged mass demonstrations followed by fierce street battles. The size of the demonstrations and the great energy and fighting spirit displayed by them were a complete surprise for the US command in Saigon. Burchett wrote that Communists were in the very heart of Saigon and this was evidenced by tens of thousands of people engaged in street fighting with Diem's elite troops. The South Vietnamese president, Burchett went on, was losing the war not only in the countryside but also in Saigon itself. He had to be removed.<sup>19</sup>

It should be noted that from the outset there was no consensus in the US government over the future fate of the Saigon dictator. The Pentagon, for example, wanted the South Vietnamese president to be "disciplined", "called to order", "put in place", but not removed from the stage completely because the alternative to a "strongman's" dictatorship could be the flabby dictatorship of a junta. Opponents of a coup included, in particular, General Harkins, who believed that with due pressure on Diem the situation could be changed for the better. In his opinion, it was necessary to get the dictator to agree to dissolve about a hundred military posts scattered throughout the Mekong delta so as to cut the casualties and matériel losses of Diem's army. These posts which were surrounded by the guerrillas and subject to their attacks were viewed by Harkins as "supply depots" for the NFLSV armed forces. Besides, logistic needs of these garrisons detracted dozens of helicopters from direct combat operations. Diem, however, categorically objected to the dissolving of these posts fearing that it would deprive him even of nominal power in the most fertile regions of the country.

Harkins insisted that Diem had also to be "pressured" on the question of transfer of command over all units and detachments of the Diem army to American officers who would also control administrative power

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<sup>18</sup> General Harkins was at the time head of the US military command in Saigon.

<sup>19</sup> See W. Burchett, *War in the Jungle of South Vietnam*, Moscow, 1965, p. 276 (in Russian).



in the country. By such measures the limits of "special war" were once again expanded.

Contrary to the Pentagon, the State Department decisively insisted on a coup since "with Ngo Dinh Diem in power there remained not the least chance of winning the war". The overthrow of the dictator was desirable also because by one stroke it made for the solution of a whole number of complex problems. The point was the State Department found itself in a rather difficult position when the question of Buddhist persecution was to be examined by the UN General Assembly session in October 1963 and the US representative spared no effort to get the debate postponed. As W. Burchett writes, worsening relation with Buddhists, though not the prime cause of Diem's fall, constituted a factor which determined the timing of his downfall.<sup>20</sup>

In the face of a sharp aggravation of the situation in South Vietnam and intensified conspiratorial activity of South Vietnamese generals and officers, the American government decided to change its ambassador in Saigon, replacing Frederick Nolting with Henry Cabot Lodge who was an old hand at meddling in the internal affairs of other countries.

On August 24, 1963 Washington sent Lodge a cable written with the Presidential approval by the then Assistant Secretary for Far Eastern Affairs Averell Harriman and by his deputy Roger Hilsman, former Director of Intelligence at the State Department. The cable called for one more attempt to put pressure on Diem and make him take "immediate and serious steps" towards pacifying the Buddhists so as to forestall developments unfavourable to the US. Simultaneously Lodge had to tell the leading military officials that the "US would find it impossible to continue support GVN (South Vietnamese Government) militarily and economically unless above steps are taken immediately..."<sup>21</sup>

Knowing that generals Minh, Don, Kim and Khiem were decisively for a coup, the State Department gave the following advice in the cable: "You may also tell appropriate military commanders we will give them direct support in any interim period of breakdown central government mechanism... Ambassador and teams should urgently examine all possible alternative leadership and make detailed plans as to how we might bring about Diem's replacement if this should become necessary."<sup>22</sup>

A cable from Saigon on August 25 reported the results of a meeting attended by Ambassador Lodge, American generals Harkins and Weed (Harkins' Chief of Staff) and a responsible CIA resident in Saigon. All of them took the State Department's directive as a "basic decision from Washington" and pledged to "do their best to carry out instructions".<sup>23</sup> As W. Colby would later write in his memoirs, "Lodge had taken State's message as a direct order to prepare for a coup against Diem and had directed the CIA Saigon station to canvass its contacts and develop a plan for one. And the station did so, following my instructions..."<sup>24</sup>

In its message of August 29 the White House instructed General Harkins to inform the Vietnamese military that the "United States would sup-

<sup>20</sup> See W. Burchett, *Op. cit.*, p. 277.

<sup>21</sup> US Congress, Senate, Select Committee to Study Government Operations with Respect to Intelligence Activities, *Alleged Assassination Plots Involving Foreign Leaders. An Interim Report*, 94th Congress, 1st Sess., Report No. 94-463, November 20, 1975, Washington, 1975, p. 218.

<sup>22</sup> *Ibid.*, p. 219.

<sup>23</sup> *Ibidem*.

<sup>24</sup> W. Colby, *Op. cit.*, pp. 210-211.



port a coup if it had a good chance of succeeding..."<sup>25</sup> Ambassador Lodge was furnished with full powers to suspend American aid at any moment.

A cable the same day from Kennedy to Lodge said the following: "I have approved all the messages you are receiving from others today, and I emphasise that everything in these messages has my full support. We will do all that we can to help you conclude this operation successfully. Until the very moment of the go signal for the operation by the Generals, I must reserve a contingent right to change course and reverse previous instructions... I must also bear the full responsibility for this operation and its consequences."<sup>26</sup>

Thus, Washington concluded that Diem, initially recommended by Lansdale as a figure capable of stabilising the political situation in South Vietnam, had proved invalid. The CIA had written him off. As H. Kissinger wrote later in his memoirs *White House Years*, Ngo Dinh Diem's opponents said that he had to be toppled because so long as he stayed in power there was no chance of fighting Communists vigorously enough.<sup>27</sup> Having decided to get rid of Diem, the US encouraged a plot by the South Vietnamese generals. A CIA Saigon resident was instructed to keep secret contacts with the plotters whom the CIA supplied with all they needed.

A major lever used by the US in preparing the coup was limitation of American "aid" to South Vietnam. To pressure Diem, "commercial aid" worth \$10 million a month was brought to a halt back in August 1963. Next the South Vietnamese puppet was told that the US intended to gradually withdraw its troops from the country. By the end of October 1963 the US had stopped financing "special units" guarding Ngo Dinh Diem and had them sent to the front; these troops left Saigon a day before the coup.

To lull Diem's vigilance the American Ambassador in the days preceding the coup proposed to the dictator a number of "most important inspection tours" of the country during which Lodge did not tire of assuring Diem of the US absolute "loyalty" to his regime. On the eve of the coup, well aware what was in store for Ngo Dinh Diem, Lodge, with an air of utmost seriousness, recommended to Diem to stage a purge of the administration, with Ngo Dinh Nhu heading the list of victims. The Saigon dictator promised to consider this proposal and give a reply in short order, never suspecting that his days were numbered.

On November 2, 1963 in a coup sanctioned by the US Diem and his brother Ngo Dinh Nhu were assassinated. It is indicative that only a few days following the coup the US resumed full-scale military and economic aid to South Vietnam.

As for the "faithful friend and tutor" of the Saigon puppet, Brigadier General Lansdale, by a mysterious stroke of fate he was promoted to the rank of Major General a day before the coup. On the same day Lansdale retired and on his subsequent visit to Saigon he bore the rank of a diplomatic envoy. He remained there in this capacity from 1965 to 1968, i. e., at the height of US intervention in Vietnam.

The undoing of Diem failed to bring stability to Saigon. In 20 months following Diem's downfall South Vietnam witnessed 13 coups, and attempted coups, 9 government cabinets and 4 constitutional charters. Numerous US attempts to put a "strongman" to power in Saigon in order

<sup>25</sup> US Congress Senate..., p. 219

<sup>26</sup> *Ibidem*.

<sup>27</sup> See H. Kissinger, *White House Years*, Boston-Toronto, 1979.

to win the war only aggravated the crisis of the puppet regime. Despite a ramified spy network in South Vietnam, the US failed to keep under control and give necessary direction to the struggle for power within the administration. Saigon generals were bogged down in rivalry over leadership in government and this only weakened their resolve to conduct successful military operations. This led to the decision by the White House to "Americanise" the war, i. e., to turn over military and punitive functions to the American troops. The failure to suppress the national liberation movement and form a stable anti-Communist government resulted in an expansion of US aggression in South Vietnam and escalated bombings of North Vietnam.

The assassination of President Kennedy put for some time the White House debate over Vietnam on the back burner. Shortly before that a regular meeting of senior American diplomatic and military functionaries was held in Honolulu to discuss the question of Indochina. Proceeding from the recommendations of that meeting which were emphatically aggressive, President Lyndon Johnson in his first directive on Vietnam, dated November 26, 1963, approved a programme of escalating strikes against the DRV and Laos to "provide for victory over Communists" in South Vietnam.<sup>28</sup>

As it transpired from the Pentagon's secret documents that were made public, Secretary of Defense R. McNamara in his memorandum "Situation in Vietnam" which he sent to President Johnson on December 21, 1963 after a two-day visit to South Vietnam, pointed out that the CIA Saigon station and the American military command in Saigon, who worked out a programme of secret military operations against the DRV, had done a "brilliant job".

This plan, dubbed "Operation Plan 34-A" and implemented on February 1, 1964, envisaged U-2 flights over the DRV, kidnappings of North Vietnamese citizens for the purpose of extracting intelligence information, infiltration of special groups to engage in sabotage, full-scale psychological warfare, torpedo-boat attacks on North Vietnam's coastal inhabited localities. The objective of these "destructive measures", as they were referred to in the report submitted to the President on January 2, 1964 by Marine Corps General V. Krulak, was to inflict significant destruction, cause economic damage and make difficulties for the population.

Plan 34-A proved a chief scenario for military operations until August 1964 when American aggression entered a new phase. The outline of the plan was already present in the above-mentioned memorandum of R. McNamara which said, among other things, the following: "The situation is very disturbing. Current trends, unless reversed in the next 2-3 months, will lead to neutralisation at best more likely to a Communist-controlled state".<sup>29</sup> The implementation of the plan was conducted by the Secretary of Defense through a special group within the Joint Chiefs of Staff. According to a Pentagon report, subversive operations, up to advance monthly schedules of bombings, were agreed upon by the State Department and the CIA. Responsible for "inter-departmental coordination" were Assistant Secretary of State William Bundy and John McNamara.

<sup>28</sup> See Y. M. Melnikov, *From Potsdam to Guam. Essays of US Diplomacy*, Moscow, 1974, p. 314 (in Russian).

<sup>29</sup> *New York Times*, June 13, 1971, p. 35.

ughton. In Saigon Operation Plan 34-A was controlled by General P. Harkins.<sup>30</sup>

The CIA attached much importance to the so-called civil defence detachments which were supported and financed by the agency. They numbered 45,000 men. The participation in Operation 34-A of these detachments (local punitive forces) was supervised by the US Army Special Forces Command.

The CIA's special operations in Vietnam were carried out on a large scale and given priority in US military strategic planning. Quite a few of such operations were examined in detail in the US government materials published in the Pentagon Papers. Yet some of them omitted there deserve to be mentioned here.

One such operation was carried out with the participation of Nung tribesmen inhabiting mountainous regions of Vietnam. They had fought on the side of the French and after 1954 migrated to the South. The Nungs were known for their cruelty and for this reason the CIA was eager to use them. The agency's secret installations in the provinces were usually guarded by Nungs clad in camouflage uniforms. They spied on North Vietnamese supply routes, attacked motor transport columns and weapons depots. Since most Nungs were illiterate and unable to send accurate data of their spying, the CIA devised a special radio transmitter for them equipped with buttons showing a tank, a truck, a piece of artillery, etc. When a Nung spied a motorised column, he had to press a corresponding button the number of times tanks, or whatever, passed him. Each pressing of a button sent an encoded radio signal to a base monitoring all such movements. In some cases the signals were received by reconnaissance planes which transmitted them to fighter bombers for immediate attacks on a given region.

A technological breakthrough the CIA was very proud of and widely used in Vietnam was a system of weapon use identification. A person suspected of allegiance to the NFLSV had his hands sprayed with a special chemical substance and some minutes later placed under ultraviolet rays. If the colour of the substance changed in a certain way it was the sign that the suspect had handled a metallic object (presumably a weapon) within 24 hours. The Americans were little worried by the fact that the chemical reacted identically to any metallic object, be it a weapon or an agricultural tool or even a hammer. The CIA believed the system to be very effective, being used moreover in combination with refined torture.

Using as a pretext the incidents provoked in the Tonkin Gulf,<sup>31</sup> Congress passed the "Gulf of Tonkin Resolution" which in effect gave the US administration a blank check for open military intervention in Vietnam.<sup>32</sup> On February 13, 1965 President Johnson sanctioned the start of a bombing operation and some 50 US planes took off the aircraft-carriers and bases in Thailand and dropped their deathly load on populated localities and industrial centres of the DRV. Another massive attack took place on the following day. Thus commenced the barbaric air war.

<sup>30</sup> See *Climbing the Steps of War and Deception*, p. 49.

<sup>31</sup> On August 2, 1964, the US destroyer Maddox while on a reconnaissance mission violated the DRV's territorial waters and fired on her patrol ships. Defending their state border, the latter forced the destroyer back into open sea. Two days later the US administration made a public statement that Vietnamese military ships allegedly attacked two US destroyers in international waters.

<sup>32</sup> For details see M. S. Kapitsa, "War in Vietnam and Diplomatic War", *Far Eastern Affairs*, 1976, No. 5.

As Assistant Secretary of State W. Bundy had to admit later, several drafts that laid the basis of the "Tonkin Resolution" and led to the barbaric air war of the US against the DRV had been prepared long before the incident.

On July 12, 1966 the US President in a radio and TV speech officially formulated what became known as "Johnson's Pacific doctrine". It was then that Johnson called Asia a region where the destiny of mankind was decided. Having declared the US a "Pacific power" the President announced its sole responsibility for the "pacification, order and prosperity" of this part of the world. At the same time he stated US readiness to assume "obligations" in fighting the national liberation movement in Asia, and announced his intention to wage war in Vietnam until total victory.

Bogged down in the war, the White House tried in vain ever new criminal adventures to break the will of the Vietnamese people. From 1968 to 1971 the US implemented a programme of speedy "pacification". The origin of this sinister programme is credited to the same Lansdale. D. Ellsberg writes that Ambassador Lodge entrusted General Lansdale with the hapless job of coordinating the efforts of all US civil organs and departments directed at "pacification". According to D. Ellsberg, the Vietnamese personnel intended to carry out this programme were trained, equipped and paid by the CIA.<sup>33</sup>

Soon after Lansdale set the plan in motion, its general direction was assigned by President Johnson to Robert Komer, a CIA figure who was later transferred to the White House. When in November 1967 Komer was summoned to Washington for regular instructions, the President asked him whether he needed anything for his mission. Komer replied that he wanted a deputy in the person of Colby. Johnson answered that Komer was free to take anyone as his deputy.

William E. Colby, the son of an army officer, was born in Minnesota in 1920. Having graduated from Princeton at 20, he was called up to the army, in 1943 enlisted in intelligence and by the end of the war sent to France and then to Norway. In 1950 he began working for the CIA, first in Stockholm, later in Rome. In 1959 he was a CIA resident in Saigon taking cover behind the title of First Secretary of the US Embassy. In 1962 he returned to the CIA headquarters to head the Far Eastern department and the Asian department. In 1968, after the above-mentioned R. Komer's discussion with the president, Colby became Komer's deputy and shortly substituted in full for Komer as chief of the "pacification" plan with the rank of ambassador. From 1968 to 1971 Colby was directly involved in the plan's implementation.<sup>34</sup>

<sup>33</sup> Daniel Ellsberg, a representative of the Pentagon, was Lansdale's assistant in implementing the "pacification" plan. Having realised the brutality and pointlessness of "pacification" actions, Ellsberg, in his words, soon came to the conclusion that the US anti-Vietnam policy was criminal. Having sided with the opponents of the imperialist aggression in Vietnam, he supplied the press with Pentagon documents pertaining to different phases of the intervention, himself being a party to the writing up of these papers. The documents contained a wealth of evidence as to how the aggressive war against the peoples of Indochina was secretly prepared, how it began and developed step by step.

<sup>34</sup> When Colby returned to the US in 1971, he was given the post of "special assistant" to CIA director Helms and his office combined functions of executive director and inspector-general (i. e., post No. 3 in the CIA). In February 1973, the CIA's new director J. Schlesinger made Colby his deputy and simultaneously chief of the secret operations planning department (the "dirty tricks department", as it is popularly known). Some months later the then President Nixon, hoping to avoid the Watergate scandal, made a "desperate and convulsive attempt" to save himself by staging



The centerpiece of the "pacification" plan was the operation "Phoenix" which Senator Fulbright called a programme of mass physical annihilation of representatives of political opposition in South Vietnam. The idea of this operation had been hatched for a long time in the CIA. The "credit" of its inception goes mainly to Colby. The working out of the operation, begun in the depths of the agency, was completed in 1967-1968 when the US ruling circles had reexamined the means and methods of combatting South Vietnamese guerrillas. A UPI interview with CIA representatives made no bones about the fact that this programme was worked out with the purpose of liquidating the NFLSV cadres and envisaged a simultaneous repression in the whole territory of South Vietnam of all those connected with the NFLSV, thus inflicting a crushing blow to the resistance of the Vietnamese people.

The CIA closely cooperated with the special police department and central intelligence of South Vietnam, widely using them to collect information on the NFLSV. Relying on this sinister alliance, the CIA created a whole complex of intelligence centres with the purpose of closely coordinating the actions of American and South Vietnamese special services, exchanging experience in carrying out the "pacification" plan and comparing information obtained by their agents, as well as by interrogating prisoners, monitoring radio broadcasts and arresting "messengers".

The US militarist circles pinned great hopes on operation "Phoenix", especially since the "pacification" plan carried out earlier with the help of troops that combed whole villages and subjected to repression hundreds of people, was found of "little effect and diverting too many forces". As noted by the American press, after heavy US involvement in the Vietnam war, the intelligence service had to resort to a number of new measures which could not be taken either by the government organisations or the army. For example, provincial intelligence subdivisions were set up which were not controlled by the South Vietnamese authorities.<sup>35</sup>

Thinking that the plan of "pacification" could not be carried out in full by the CIA alone, its initiators and organisers succeeded in attaching an "interdepartmental character" to the plan. In mid-1967 the CIA and the American command worked out a programme of joint actions to help the Saigon regime. Several months later this programme was joined by the South Vietnamese police and intelligence in accordance with a decree of the prime minister of the puppet government.

In July 1968 president Thieu issued a decree, prepared with Colby's participation, in accordance with which commissions were formed all over South Vietnam to carry out Operation "Phoenix". They included representatives of all the bodies connected with the plan of speedy "pacification". The commissions determined concrete assignments pertaining to the number of South Vietnamese guerrillas and their supporters who were subject to imprisonment or, in accordance with the amnesty terms, were to be made to act on the side of the government, or, lastly, just put out of action by

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a purge of the state machine. Schlesinger was given the post of Secretary of Defense, while Colby became director of the CIA in May 1973. Colby's reputation was so odious that his appointment caused uproar and a stormy debate in Congress during confirmation. The law-makers were mostly "abashed" by his doings in South Vietnam, not by their substance, of course, but by the publicity they got. Thanks to the press, the world public learned of the US responsibility for a monstrous mass extermination of Vietnamese in the course of speedy "pacification", while Colby was shown to be directly involved in killings and torture. Nevertheless, the senators voted 83 to 13 confirming his nomination as head of the CIA, which post he held until 1975.

<sup>35</sup> See *Christian Science Monitor*, January 27, 1970.



military or police forces.<sup>36</sup> In carrying out Operation "Phoenix" the CIA had set up a vast system of surveillance and questioning which embraced the country up to each hamlet. On Colby's recommendation special local intelligence units and operational groups were created in all the 44 provinces and in more than 250 districts and cities of South Vietnam. These units and groups were staffed with functionaries of South Vietnamese intelligence, local policemen, Saigon army personnel and representatives of the puppet government. To each group were assigned American "advisers" (they numbered on the whole 450 men), primarily military intelligence officers with much experience of punitive operations. According to official data published in Hanoi in July 1971, Operation "Phoenix" was carried out by 800 detachments with a total strength of 44,000 men.

The first phase of the operation called for information on people suspected of contacts with the forces of liberation or sympathising with them. To obtain such data members of the operation groups and their agents infiltrated the countryside in the guise of medical workers or technical specialists, set up their strongholds there and even killed and kidnapped people. This phase was completed with compilation of "black lists" with the names and photographs of suspects. The second phase began with arrests, and the American press did not make a secret of the fact that the groups were given the right to physically liquidate those detained.

Following "thorough questioning" with the purpose of extracting information about other suspects, the arrested person was turned over to the provincial authorities. For a while he was kept in prison, then his case was considered by the provincial security council. That was done without summoning witnesses, sometimes even in the absence of the prisoner. Sentences were often handed out not so much on the basis of evidence as on the instructions of the intelligence services.

During Congressional hearings in 1971 former intelligence officers testifying before committees and other bodies cited examples of torture and other monstrous atrocities perpetrated during Operation "Phoenix". Wrote well-known American author David Wise: "Not one of Colby's friends or neighbours or even his critics on the Hill, in the wildest imagination conceive of Bill Colby attaching electric wires to a man's genitals and personally turning the crank. Not Bill Colby... He is a Princeton man."<sup>37</sup> As for Colby himself, he stated that despite some unpleasant things, such as politically motivated killings and physical liquidation of suspects among South Vietnamese civilians, Operation "Phoenix" was an important integral part of US military plans.

As revealed in Congressional hearings, during the three years of Operation "Phoenix" 20,587 Vietnamese were exterminated. However this figure, cited by Colby, seems very conservative. Evidently, the figure of 40,994 provided by the Saigon administration, is more realistic. Operation "Phoenix" failed, along with other actions of speedy "pacification", having run against the staunch resistance of South Vietnamese patriots.

In short, American imperialism, having shouldered the main burden of safeguarding capitalism and the colonial system, resorted to any means, methods and devices, no matter how dirty and unlawful, in its adventurous policy against the heroic Vietnamese people.

<sup>36</sup> Persons suspected of contacts with the NFLSV were registered and files were prepared on them. They were divided into three categories:

1) party leaders and activists; 2) other responsible functionaries; 3) rank-and-file communists and sympathisers.

<sup>37</sup> *New York Times Magazine*, July 1, 1973, p. 34.

In April 1975, having fully liberated the south of Vietnam, the Vietnamese people completed the tasks of the national-democratic revolution and embarked on the road of building socialism. After many decades of fighting foreign invaders the Communist Party of Vietnam was able to turn its attention from mobilisation of the national forces for rebuffing the interventionists to healing the wounds of war, restoring and further developing the national economy, strengthening the country's defence capacity, and achieved impressive successes on this road.

. . .

The lesson of Vietnam's history is that there is no way of defeating a people selflessly fighting for its freedom and relying on the international support of the socialist countries and the progressive and peace-loving public of the whole world. "The struggle of peoples for their liberation, for a new life", said Le Duan, General Secretary of the CC of the Communist Party of Vietnam, "is a natural tendency of the historical process. Socialism is invincible in our time. The system of socialism is indestructible. No intrigues and stratagems of imperialists and their henchmen can reverse this tendency."

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## BIOGRAPHY OF CHINESE REVOLUTIONARY IN 1930'S, 1940'S RECOUNTED

Moscow FAR EASTERN AFFAIRS in English No 1, Jan-Mar 83 pp 122-129

[Article by A. V. Pantsov: "A Life Devoted to Struggle for Freedom (On the 75th Anniversary of Bo Gu's Birth)"]

**B**o Gu, an ardent Marxist-Leninist, internationalist and outstanding figure in the Communist Party of China stands out among the many heroic fighters for the national and social emancipation of the Chinese people. His entire life (he died at the age of 39) was filled with seething energy. A man of high culture, outstanding organisation abilities and personal charm, for many years he was in the centre of revolutionary struggle. Despite the hard trials he had to stand up to he was always selflessly devoted to the interests of the party and the world revolutionary movement.

Bo Gu was born Qin Banxian in 1907 in the town of Ningbo, Zhejiang province, where his father was the acting chief of the county. When Qin Banxian was ten, his father died and the family moved to the big trading city of Wuxi on the Great Channel in Jiangsu province to stay with relatives. After finishing elementary school in 1921, Qin Banxian entered the Second Provincial Technical School near the city of Su Chou. It was at this school that he was first acquainted with revolutionary literature. After a long period of reading he firmly decided to devote his life to struggle for the freedom and independence of his Motherland. Having put a vigorous start to his revolutionary activity, Qin Banxian soon became a recognised leader of the progressive students in Su Chou. Early in 1925 he was elected Chairman of the City Student Union. It was at that time that he entered the Guomindang, and somewhat later—the Socialist Youth Union of China.<sup>1</sup>

Late in May and early in June of 1925 the working class, students and the urban petty bourgeoisie undertook vigorous anti-imperialist actions which marked the beginning of the national revolution. At that time, Qin Banxian happened to be in Shanghai where he came after graduation from secondary school to enter Shanghai University, which had been set

<sup>1</sup> The information on the initial period of Bo Gu's life was derived by the author from the following publications: *Bunai Lu*, Xianggang, 1946, p. 4; Lung Suncan, *Mon-qixiadi wanghun*, Taipei, 1972, pp. 41-42; *Qihai. Lishi fenci. Zhong guo xiandai shi*, Shanghai, 1980, p. 131; *Gendai tui: goku zimmer ziten*, Tokyo, 1972, p. 479; *Chinese Communist Who's Who*, Vol. 2, Taipei, 1971, p. 422; D. Klein, A. Clark, *Biographical Dictionary of Chinese Communism. 1921-1965*, Vol. I, Cambridge (Mass.), 1971, p. 195; E. Snow, *Random Notes on Red China (1935-1945)*, Cambridge (Mass.), 1957, p. 15.

up in 1923 on the basis of the Southeast Institute of Shanghai due to the efforts of such Communist Party activists as Qu Qiubo, Zhang Tailei and others.

Right after his arrival in Shanghai Qin Banxian took part in the revolutionary events. He marched together with other demonstrators protesting the murder at a Japanese textile mill of Qu Zhenghong, a young worker and communist, and participated in the mass rallies which accompanied the general anti-imperialist strike that had begun early in the summer. His direct participation in the struggle of the Shanghai industrial workers made the young revolutionary democrat more interested in the theory of scientific socialism. During his brief stay at the English Department of the Shanghai University he eagerly read Marxist literature which was extremely scarce in China at that time.

Qin Banxian's world outlook was greatly influenced by his acquaintance with the first propagandists of Marxist ideas in China, most of all by Qu Qiubo, a professor of social disciplines at the University, as well as the prominent Chinese communists Chen Duxiu, Yun Daiying and Shi Cuntong. It was under their influence that Qin Banxian joined the Communist Party of China in October 1925. Soon he left the University to "spend my full time in political work",<sup>2</sup> as he later told. He began working in the Propaganda Department of the Guomindang City Committee, which was operating underground at that time. With a risk to his life, Qin Banxian conducted propaganda among the textile workers. The courage of the young communist and his ability to find common language with the workers won him respect among the Communists and Guomindangers of Shanghai as well as the workers at Shanghai factories. The decision of the Shanghai City Committee of the CPC to send him to study in the Soviet Union signified recognition of his merits.

At that time, there were several educational institutions in the USSR where Chinese revolutionary cadres underwent training, the chief of these being the Communist University of the Working People of the East (CUWPE) which opened in Moscow on April 21, 1921. True, most students were working people from the Soviet East, and the number of students from abroad was small. For example, in 1924 only about 40 Chinese students were enrolled in the CUWPE. In the autumn of 1925<sup>3</sup> work was underway to set up a special University in Moscow designed to train greater numbers of Chinese revolutionary functionaries. The university was named after the great Chinese revolutionary Sun Yatsen. It began functioning in November 1925. It was precisely to this University that Qin Banxian came in November 1926 (it took him several months to get from Shanghai to Moscow).

After Qin Banxian officially became a student of the university, he applied himself with enormous energy and enthusiasm to studying Marxist-Leninist philosophy, political economy, scientific communism, the history of the Russian Revolution and the revolutionary movement in the West and in the East, and other disciplines. He also put much effort to studying the Russian language. A man of immense industry and abilities, Qin Banxian soon became one of the best students, and in 1928, together with some other students such as Yang Shankun, He Zishu, Zhang Wentian (Lo Fu), was invited to work at the newly-commissioned Research In-

<sup>2</sup> Quoted from E. Snow, *Op. cit.*, p. 15.

<sup>3</sup> For details about the training in the USSR of the Chinese revolutionary cadres see A. Pantsov, "Discharging the Internationalist Duty", *Asia and Africa Today*, 1982, No. 6, pp. 30-32 (in Russian).

stitute on China.<sup>4</sup> Some time later, together with Lo Fu, Wang Jiaxiang and Chen Shaoyu (Wang Ming) he was sent to attend courses at the Institute of Red Professors.<sup>5</sup> During the same period Qin Banxian, under the penname of Bo Gu, began translating into Chinese the classics of Marxism-Leninism and works by Georgy Plekhanov.

The young communist also took an active part in party and YCL organisation functions at the University. Bo Gu became especially active after the defeat of the Chinese national revolution of 1925-1927, after which some members of the CPC and the Chinese Young Communist League, including those who studied at the Sun Yatsen University, were captured by despair, pessimism and distrust in themselves and in the leading role of the Communist International. Such sentiments were fanned in every way by the Trotskyites who were gradually joined by the so-called University workers' opposition which consisted of students (former workers) dissatisfied with the hard and strenuous curriculum, and also by individual nationalistically-minded members of the Communist Party and the Young Communist League and the YCL vanguardists.<sup>6</sup> The latter were actually striving to free themselves from the control of the party organs, thus upholding a certain "vanguard" role of the Young Communist League in relation to the party. Together with Wang Ming and Wang Jiaxiang, Bo Gu was practically at the head of the internationalist group of the students which resolutely and uncompromisingly struggled in the Sun Yatsen University against the counterrevolutionary views of the opponents of the Comintern. Bo Gu's passionate struggle against Trotskyism enhanced his prestige among the students. Soon after the defeat of the opposition, he was elected Secretary of the Moscow branch of the Chinese Young Communist League and discharged these duties until his departure from the USSR.<sup>7</sup>

Bo Gu stayed in Moscow for three and a half years. Though a short period of time, it played a significant role in his life. His stay in the USSR became for him, like for many other Chinese communists, a genuine school of Marxist-Leninist theory, practical political knowledge and proletarian internationalism. During his entire life Bo Gu preserved love for and gratitude to the Soviet people who spared neither effort nor means to train cadres for the Chinese revolution.

In May 1930, Bo Gu returned to China to take part in underground activities. He was appointed to the Propaganda Department of the General Federation of Trade Unions, and simultaneously edited the workers' papers *Laogong bao* and *Gongren Xiuobao*. At that time, the crucial posts in the leadership of the Communist Party of China were taken by representatives of the leftist and adventurist trend headed by Alternate Member of the CC CPC Political Bureau, Chief of the Propaganda Department of the CC CPC Li Lisan. While ignoring the evaluations and proposals of the Comintern, the leftists regarded the situation in China in the summer of 1930 as a revolutionary situation. Proceeding from that premise, Li Lisan and his associates steered towards an uprising and the capture of power in China's basic industrial centres, thereby hoping to ignite an immediate revolutionary explosion throughout the country. They

<sup>4</sup> See A. M. Grigoriyev, *Revolutionary Movement in China in 1927-1931. (Problems of Strategy and Tactics)*, Moscow, 1980, p. 163; Sheng Yueh, *Sun Yatsen University in Moscow and the Chinese Revolution*, Lawrence (Kans.), 1971, p. 54.

<sup>5</sup> See D. Klein, A. Clark, *Op. cit.*, p. 195.

<sup>6</sup> Sheng Yueh, *Op. cit.*, pp. 209-226.

<sup>7</sup> See Long Yuncan, *Op. cit.*, pp. 42-43; *Chinese Communist Who's Who*, Vol. 2, p. 422.



saw "objective" conditions for the victory of the Chinese revolution in the fact that a revolutionary upsurge in China would inevitably precipitate a world revolution and draw the USSR into a war against China and world imperialism. On June 11, 1930 Li Lisan's supporters adopted a resolution "On a New Revolutionary Upswing and the Winning of Power Initially in One or Several Provinces" in which they expounded systematically their adventurist and nationalistic ideas.<sup>8</sup>

Together with other internationalists Bo Gu resolutely opposed the dangerous ideological propositions of Li Lisan. He talked many times with individual communists, with Member of the CC CPC Political Bureau Xiang Ying, the General Secretary of the CC CPC Xiang Zhongfa and expressed his disagreement personally to Li Lisan. Speaking at the Conference of the Party Central Apparatus Workers in July 1930, Bo Gu denounced Li Lisan's platform contradicting that of the Party, and called for an immediate disavowal of the June 11 resolution.<sup>9</sup>

The leftist leadership of the CC CPC Political Bureau removed Bo Gu from participation in party activities, defined his viewpoints as "right-opportunistic" and issued him a "last severe warning".<sup>10</sup> These sanctions were officially approved in September 1930 at the Third Plenary Meeting of the CC CPC which took a reconciliatory stand vis-à-vis Li Lisan's line. "Bo Gu's case" was revised only after the party leadership received the October letter from the Comintern Executive Committee on November 16, 1930 about Li Lisan, his concepts and actions, in which the ideas of the nationalistic leaders of the CPC were censured ruthlessly.

In December 1930, Bo Gu was given an important post in the Shanghai trade union organisation, and edited *Hongqi*, the central organ of the party and *Shanghai Gongren*, the trade union newspaper.<sup>11</sup> In January 1931 at the Fourth Plenary Meeting of the CC CPC, which condemned the conciliatory decisions of the Third Plenary Meeting and the policy of the Political Bureau during the period between the Third and the Fourth Plenary Meetings, Bo Gu was promoted to the Central Committee of the Communist Party of China and appointed Chief of the Propaganda Department of the Young Communist League Central Committee.<sup>12</sup> Soon after the Fourth Plenary Meeting, in April 1931, Bo Gu was elected General Secretary of the Chinese Young Communist League Central Committee.<sup>13</sup>

At that time, the Young Communist League was in an extremely hard situation. The adventurist line pursued by the Li Lisan followers who ignored the real conditions of the struggle and mounted direct preparations for armed actions resulted in the actual elimination of the local party, YCL and trade union organisations and their dissolution in the so-called "action committees"—the bodies of reckless policy of uprisings. As was pointed out in the materials of the December (1932) Plenary Meeting of the Executive Committee of the Youth Communist International, "the Li Lisan line had considerably undermined the positions of the Chinese Young Communist League in the struggle for the masses of the working young people. First and foremost, it weakened the ranks of the League itself, and for a certain period of time converted it into sepa-

<sup>8</sup> For details about Li Lisan's concepts and actions see A. M. Grigoriyev, *Op. cit.*, pp. 175-220.

<sup>9</sup> See *Ibid.*, p. 200; Sheng Yueh, *Op. cit.*, p. 231.

<sup>10</sup> A. M. Grigoriyev, *Op. cit.*, p. 200.

<sup>11</sup> See E. Snow, *Op. cit.*, p. 16.

<sup>12</sup> See D. Klein, A. Clark, *Op. cit.*, p. 196.

<sup>13</sup> *Qihui Lishi jenci, Zhongguo vianduishi*, p. 131; D. Klein, A. Clark, *Op. cit.*, p. 197.

rated organisations. This resulted in a considerable reduction of the numerical strength of the Chinese Young Communist League—from 30,000 to 15,300 (except Soviet districts).<sup>14</sup> "The far-going consequences of the liquidator and semi-Trotskyist provisions of Li Lisan in the Chinese Young Communist League," it was stressed at the same plenary meeting, "stemmed from the fact that the former leaders of the League failed to organise the struggle against the actual elimination of the Chinese Young Communist League as an independent organisation but proved itself to be an active supporter of Li Lisan in his struggle against the line of the Comintern and the Youth Communist International."<sup>14</sup> Bo Gu made efforts to rectify the errors of the past, he enthusiastically launched scrupulous activities aimed at restoring the YCL cells in the provinces, and establishing contacts with the young people who were not members of the YCL. Bo Gu, the leader of the Chinese YCL members, who was a most authoritative member of the CC CPC and won deep respect for his uncompromising struggle against the vestiges of the Li Lisan concepts was gradually taking greater part in solving the key party problems. He was invited to sessions of the CC CPC Political Bureau. In the summer of 1931, after the arrest and execution of the General Secretary of the CC CPC Xiang Zhongfa, Bo Gu was promoted to membership of Political Bureau and the Standing Committee of the CC Political Bureau. In September 1931, after the leading party bodies were reorganised and the Provisional Political Bureau was formed, 24-year-old Bo Gu became the acting General Secretary of the Central Committee of the Communist Party of China.

He became head of the party at one of the most crucial moments of its history. The urban organisations which had no experience in conducting secret activities suffered one setback after another. Many gifted party leaders were thrown into Guomindang torture chambers, and some of them were executed. A number of prominent functionaries from the Central Committee were sent to Soviet districts, to the Red Army of China and, therefore, were unable to participate directly in the work of the Central Committee which continued to operate deep in the Shanghai underground. A group of authoritative party leaders who were in Moscow and represented Chinese communists on the Executive Committee of the Comintern did not take part in the day-to-day work of the Central Committee apparatus either. The Central Committee lacked permanent communication with the Soviet districts. Otto Braun, a German communist and Comintern military adviser to the CC CPC in 1932-1939, recollected: "Such contacts were maintained occasionally by the authorised agents and messengers who for weeks were trying to get to their places of destination, and this highly complicated the work. A similar case was with the ties with party organisations in other big cities and industrial areas which were under the Guomindang, including the local bureaus of the central committee in Peking, Wuhan and Canton."<sup>15</sup> The isolation of party organisations from one another and from the Central Committee consolidated the parochial and separatist trends in the party and promoted the emergence of inner-party groupings. The unprincipled factional struggle considerably undermined the combat ability of the organisation, diverted party leaders from tackling urgent problems of the revolution. The situation in the party was aggravated by the insufficient ideological and theoretical training of the

<sup>14</sup> Quoted from V. N. Usov, "The Historical Destiny of the Chinese Young Communist League (The 60th Anniversary)", *Far Eastern Affairs*, 1982, No. 3.

<sup>15</sup> O. Braun, *Chinese Notes (1932-1939)*, Moscow, 1974, p. 11, (in Russian).

majority of participants in the communist movement, the growing nationalist sentiments, and also by a powerful impact on the world outlook of part of the leaders of the moods of the pauperised strata of peasants, whose representatives accounted at the beginning of the 1930s for an absolute majority of the party members in rural areas.

Having become head of the Communist Party, Bo Gu bent every effort towards preserving unity of views and actions in the CPC, close interaction with the Executive Committee of the Communist International and its representatives in China and towards educating the cadres in the spirit of Marxism-Leninism. He made a major contribution to the improvement of the situation inside the Communist Party.

At the same time, the CPC Central Committee under the guidance of Bo Gu failed to orient quickly in the new situation caused by the open aggression of Japanese imperialism in China in September 1931. In spite of the fact that, in conformity with the Comintern recommendation, a slogan of the national-revolutionary war against Japan was set forth early in 1932, the Central Committee and its Provisional Political Bureau continued to concentrate on overthrowing the Guomindang counterrevolutionary power. They evaluated the anti-imperialist potentialities of the national bourgeoisie and the intermediate strata from sectarian positions. They were backed also by the representation of the Comintern in China. As Otto Braun stressed, "the representatives of the Comintern and the Central Committee Political Bureau ... were increasingly inclined [in 1932-1933.—A. P.] to a one-sided orientation towards the Soviet districts and the civil war. Several statements on the anti-Japanese struggle introduced no changes whatsoever."<sup>16</sup> It should be pointed out that at that time all leaders of the Chinese Communist Party shared such views.

At the end of 1932 the situation in Shanghai became highly complicated. Proceeding from this fact, and also taking into account that the majority of the Central Committee members were in the Soviet districts, Bo Gu and other leaders of the Provisional Political Bureau adopted a decision to move the Central Committee apparatus to Ruijin, the capital of the central Soviet district. Immediately after arrival there, in the spring of 1933, at a joint sitting of the Provisional Political Bureau and the Central Committee Bureau of the Central Soviet District (at that time it included Xiang Ying, Zhou Enlai, Ren Bishi, Wang Jiaxiang, Mao Zedong, Zhu De and others) these two bodies fused. Bo Gu was elected head of the expanded Provisional Political Bureau of the CPC Central Committee by a majority vote. He also became head of the CC Secretariat, formed at the same sitting which replaced the standing committee of the Political Bureau.<sup>17</sup> Apart from conducting general guidance of party affairs, Bo Gu took upon himself direct control over the situation in the army, and also over the combat operations, thus practically controlling the activities of the Revolutionary Military Council on behalf of the Central Committee. The responsibility for the governmental and local matters was placed on Lo Fu, the Secretary of the CPC Central Committee.<sup>18</sup>

At the Fifth Plenary Meeting of the CC CPC (January 1934) Bo Gu officially assumed the title of General Secretary of the Party Central Committee. The Second All-China Congress of the Soviets which was held

<sup>16</sup> *Ibid.*, p. 16.

<sup>17</sup> According to some sources, the Secretariat included Bo Gu, Wang Ming, Lo Fu, Yang Shangkun, Zhou Enlai, Xiang Ying, Wang Jiaxiang, and Liu Shaoqi (see Long Yuncai, *Op. cit.*, p. 44). Apparently the Secretariat also included Zhang Guotao who was at that time in the Soviet District in the North of Sichuan.

<sup>18</sup> See O. Braun, *Op. cit.*, p. 49.

immediately after the Plenary Meeting elected him to the Presidium of the Executive Committee of the Chinese Soviet Republic Provisional Central Government.

On July-August 1935 the Seventh Congress of the Communist International elaborated a new line of the international communist movement, a line towards struggle for the unity of all anti-fascist and anti-imperialist forces. Bo Gu was elected Alternate Member of the Communist International Executive Committee. This high and deserved appointment was in reward for his activities as General Secretary of the CPC Central Committee.

In the Autumn of 1935, the Red Army units together with a majority of the Political Bureau Members, including Bo Gu himself, made their way north-west, to the northern Shanxi. After they united with the troops of the 15th Corps of the Workers' and Peasants' Red Army of China which was under the command of Liu Zhidan and Xu Haidong they reorganised the north Shanxi Soviet District and set up new party committees. The Northwest Office, as the provisional revolutionary government was called, began to carry out supreme administrative power. As for Bo Gu, he was appointed head of this central Soviet body and initially focused on the problems of constructing local Soviets and later, according to Otto Braun, on "foreign political" matters.<sup>19</sup> It was due to his efforts, and also to the diplomatic steps taken by Zhou Enlai, that at the end of 1935 and the beginning of 1936 it proved possible to sign a secret agreement with Zhang Xueliang, whose army directly opposed the communists in the north-western direction, on "mutual non-aggression and cooperation to struggle against Japan".

In December 1936 the well-known Xian affair took place (the arrest by Zhang Xueliang and Yang Huchen of Chiang Kaishek, head of the Guomindang). Following the recommendations of the Comintern which was actively supported by Bo Gu and Lo Fu, the Central Committee took measures to peacefully resolve the incident. Bo Gu was the mediator in the negotiations between Chiang Kaishek and Zhang Xueliang and Yang Huchen.

The peaceful settlement of the Xian affair facilitated the establishment of a single anti-Japanese national front. The negotiations between the Communist Party and the Guomindang started in April 1937. Bo Gu, together with Zhou Enlai and Lin Boqu, was a member of the CPC delegation.

The beginning of the Japanese-Chinese War on July 7, 1937 accelerated an agreement between the Guomindang and the Communist Party. Red Army units in north-western China were transformed, in August 1937, into the 8th National Revolutionary Army, and later the guerrilla detachments which were fighting in the central provinces of China were converted into the New 4th People's Revolutionary Army. Bo Gu took a direct part in the negotiations with the Guomindang leaders on the formation of the New 4th Army.<sup>20</sup>

In December 1937 Japanese armed forces occupied Nanking. The government was transferred to Wuhan where on July 1, 1938 the National Political Council (a consultative body to the Guomindang government) was set up, which was supposed to discuss the key issues of China's life. To facilitate an agreement with the Guomindang, this body was made up

<sup>19</sup> See O. Braun, *Op. cit.*, p. 204.

<sup>20</sup> See D. Klein, A. Clark, *Op. cit.*, p. 199.



of representatives of different parties and public groups of China, including seven communists, Bo Gu among them.

After the fall of Wuhan, Bo Gu and other members of the National Political Council moved to Chongqing where he continued to work actively for the implementation of the united front policy.

Apart from his immense efforts to establish a united anti-Japanese front, Bo Gu also fulfilled other important duties. During a period in 1937 he served as head of the Organisation Department of the CPC Central Committee. When the Central Chinese Bureau was formed in December 1937, he became one of its chiefs and was responsible for its cadre policy. Soon Bo Gu was also appointed head of the Organisation Department of the Bureau of the CPC Central Committee on South China.<sup>21</sup>

Dealing in detail with the problems of party construction, Bo Gu did everything within his power to consolidate workers' representation in the party which had dramatically decreased by 1937. The representatives of different segments of peasants, paupers and lumpens, and also petty-bourgeois intelligentsia accounted for the overwhelming majority of party members. In describing the situation in the CPC to the US journalist Edgar Snow, Bo Gu admitted with bitterness that if this unfavourable social composition of the party persisted "there is a real danger of the party becoming dominated by the petty-bourgeois point of view."<sup>22</sup> In Wuhan, one of the largest industrial centres in China Bo Gu launched an enrollment campaign among hired workers. Due to his efforts, in July 1938 workers accounted for more than 40 per cent of new party members in Wuhan.<sup>23</sup> Further gains were impeded by the capture of the city by the Japanese troops.

By the end of 1940, Bo Gu was summoned from Chongqing to Yanan, the seat of the CPC Central Committee at that time. In May 1941 he headed the editorial board of *Jiefang ribao*, the central organ of the Central Committee of the CPC, and also the Xinhua agency.

In February 1946 the CPC sent Bo Gu to Chongqing to participate in negotiations with the Guomindang concerning the democratisation of China. There he was present at the meeting of the committee on drafting a new constitution of China and participated in the negotiations for the release of Ye Ting, Commander of the New 4th Army, who had been taken prisoner by the Guomindangers in January 1941.

On April 8, 1946, Bo Gu, Ye Ting, the latter's family and also Wang Ruofei, member of the CPC Central Committee and Deng Fa, a high party official, took off from Chongqing for Yanan. About two o'clock in the afternoon the plane unexpectedly crashed in the Heichashan mountain, in the southeast part of the Xingxian country, the Shanxi province. All passengers died.

The death of Bo Gu was a heavy blow not only to the Communist Party of China and the Chinese people, but also to the entire international communist movement. The activities of the Chinese communists-internationalists, and Bo Gu was one of them, is part of the glorious revolutionary traditions of the communist movement in China.

<sup>21</sup> See *Qilai Lishi jianji*, *Zhongguo Xianlunshi*, p. 131. *Chinese Communist Who's Who*, p. 423.

<sup>22</sup> Quoted from E. Snow, *Op. cit.*, p. 23.

<sup>23</sup> *Ibidem*.



## SOVIET FAR EAST: SIXTY HEROIC YEARS

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In October 1982 the Soviet people celebrated the 60th anniversary of the liberation of the Soviet Far East from the interventionists and the White Guards. The CPSU Central Committee, the Presidium of the USSR Supreme Soviet and the USSR Council of Ministers warmly congratulated the working people of the Far East, officers and men of the Soviet Army serving in the Far East and the crews of the Red Banner Pacific Fleet on this remarkable occasion.

This victory signified not only the liberation of the Far East, but also the end of the armed struggle which the peoples of Russia conducted against the internal counterrevolutionaries and imperialist intervention. The message of greetings of the CPSU Central Committee, the Presidium of the USSR Supreme Soviet and the USSR Council of Ministers reads in part: "The expulsion of the interventionists and the White Guards from the Far Eastern outlying areas in October 1922 became a glorious page in the chronicle of the Soviet people's struggle to safeguard the gains of the Great October Revolution and to ensure the freedom and independence of the Motherland. The legendary feats of valour of the soldiers of the people's revolutionary army and the guerrillas who hoisted the banner of the Soviets on the shores of the Pacific Ocean will never fade from the memory of the Soviet people."<sup>1</sup>

The struggle for Soviet power was made difficult to the utmost by the protracted foreign intervention which was part of the coordinated actions of the imperialist powers and Russian counterrevolutionaries to defeat the power of workers and peasants established as a result of the Great October Socialist Revolution.

A specific feature of the struggle in that region of the country was that after the rout of the interventionists and counterrevolutionaries in Central Russia and Siberia, the Far East became in effect the last base of the interventionists and White Guards who sought to prevent the restoration of Soviet power there. The imperialist powers reached an agreement on the spheres of future hostilities (and, correspondingly, the potential spheres of influence) in Russia, Siberia and the Far East were regarded as the sphere of influence of the USA and Japan.

When the Entente came to realise that even with financial aid and arms deliveries from capitalist countries the home counterrevolutionaries were unable to overthrow the workers' and peasants' power, it launched in spring of 1918 an open armed invasion and stirred up the civil war. The provocative assassination of two Japanese businessmen in Vladivostok was masterminded as a pretext for drawing Japan into the invasion. Japanese, British, and later French and US troops landed in Vladivostok on April 5, 1918. The invasion was begun simultaneously in the Baltic provinces, the Ukraine, Turkestan and the Transcaucasia. The Entente was attempting to strangle the young Soviet republic. Lenin wrote in those days: "Their [the interventionists'—Ed.] war is merging with the

<sup>1</sup> *Pravda*, Oct. 23, 1982.

Civil War into one continuous whole, and that is the chief source of our difficulties at present, when the question of war, of military hostilities, has again come to the fore as the cardinal and fundamental question of the revolution."<sup>2</sup> In spite of the extreme difficulties, the working people of Russia thwarted the plans of the internal and external counterrevolutionaries and upheld Soviet power.

Seeking to avert a military clash with Japan and to prepare conditions for the final elimination of the White Guard forces in the Far East, the Soviet government deemed it necessary to set up a provisional state entity—the Far Eastern Republic (FER) with the working class and its party playing the leading role. In March 1920 the Far Eastern Bureau of the Russian Communist Party (Bolsheviks) was set up to prepare the ground for the formation of the FER. The Far Eastern Republic was proclaimed on April 6, 1920 in Verkhneudinsk (now Ulan Ude) at the Constituent Congress of the working people of the Baikal area. The People's Revolutionary Army (PRA) headed by Vasili Blukher was formed with the support from the Russian Federation. On October 22, 1920, after hard fighting the units of the PRA with the help of guerrillas liberated Chita which became the capital of the FER. Soon the Republic was juridically formalised. The Constituent Assembly adopted the constitution which defined the FER as an independent democratic state in which the supreme power "belonged to the people of the Far East and to it alone".

On May 26, 1921 with the help of the Japanese invaders the White Guards staged a coup in Vladivostok which led to the capture of Khabarovsk in December. However, in February 1922 the PRA inflicted a serious defeat on the White Guard troops near Volochaevka and liberated Khabarovsk. By October 9 the town of Spassk had been taken by storm. The People's Revolutionary Army entered Vladivostok on 25 October. The Japanese interventionists were forced to leave the Maritime region. On November 14, 1922 the People's Assembly of the FER proclaimed Soviet power throughout the Far East and in expressing the will of the working people declared the unification of the FER with the RSFSR. On November 15, 1922 the All-Russia Executive Committee passed a decree whereby the entire territory of the FER became part of the RSFSR.

In his speech at the Plenary Meeting of the Moscow Soviet (20 November 1922) Lenin said: "...You know how long the Civil War has dragged on and what effort it has cost. Well now, the capture of Vladivostok has shown all of us (though Vladivostok is a long way off, it is after all one of our towns) everybody's desire to join us, to join in our achievements. The Russian Soviet Federative Republic now stretches from here to there."<sup>3</sup>

The working people of the Soviet Far East marked the glorious 60th anniversary with outstanding achievements in the course of work to carry out the decisions of the 26th CPSU Congress, and the May 1982 CPSU CC Plenary Meeting, and to attain the targets of the 11th Five-Year Plan.

The message of greetings of the CPSU and the Government to the working people and the Soviet Army in the Far East read in part: "During the sixty years, due to the selfless labour of Soviet people, the Far East has turned into a major economic region with multisectoral industry, highly mechanised agriculture, and advanced science and culture. Its image is now shaped by modern enterprises of machine-building, ship-building, power, mining, petroleum, timber and other industries, a powerful merch-

<sup>2</sup> V. I. Lenin, *Collected Works*, Vol. 28, p. 29.

<sup>3</sup> V. I. Lenin, *Collected Works*, Vol. 33, p. 437.

ant and fishing fleets, new socialist cities and well-appointed workers' settlements. The building of the Baikal-Amur Railway has become a graphic manifestation of the fraternal cooperation and friendship of the peoples of the USSR. The well-being of the people living in the Soviet Far East is growing steadily. It now has excellent cadres of skilled workers, collective farmers, engineers, technicians, and intelligentsia. Small ethnic groups of the Far East forming part of the fraternal family of Soviet peoples have advanced, within a brief historical period of time, from backwardness to progress, from feudalism to socialism.

"All this is ample evidence of the great advantages inherent in the Soviet state and the socialist system, of the triumph of the Leninist nationalities policy pursued by the CPSU, and is the result of the monolithic cohesion of the Soviet peoples with the Communist party".<sup>4</sup>

To go on with their creative work the Soviet people in the Far East need lasting peace. Thus the Soviet government has always sought to solve international issues in the Far East on the basis of the principles of peaceful coexistence of states with different social systems, allround cooperation, and the development and consolidation of economic, scientific, technological and cultural ties with countries of the region. Soon after the Great October Socialist Revolution, on December 3, 1917, the appeal of the Soviet government "To All Toiling Moslems of Russia and the East" formulated the fundamental principles of relations with peoples of Asian countries: equality, mutual respect, friendship, and allround cooperation.

In the years before World War II, the Soviet government concentrated on the struggle against the threat of the imperialist aggression. Life itself has graphically demonstrated that mankind could have avoided the sufferings and privations experienced by many peoples of Europe and Asia, had the Western powers paid attention to the sincere and persistent appeals of the USSR to curb German nazism and Japanese militarism.

In the postwar years the CPSU and the Soviet government have indefatigably worked for peace and broad cooperation with all Far Eastern countries. The report of the CPSU Central Committee to the 26th CPSU Congress emphasises: "There is a region where elaboration and use of confidence-building measures—naturally, with due consideration for its specific features—could not only defuse the situation locally, but also make a very useful contribution to strengthening the foundations of universal peace. That region is the Far East, where such powers as the Soviet Union, China, and Japan border on each other. There are also US military bases there. The Soviet Union would be prepared to hold concrete negotiations on confidence-building measures in the Far East with all interested countries."<sup>5</sup>

The victory over the interventionists and their White Guard puppets in Russia's Far East was of exceptional international significance and influenced essentially the destinies of the peoples inhabiting the foreign Far East. This victory contributed to the strengthening of anti-imperialist forces, and created favourable foreign policy conditions for the development of the revolutionary and liberation movement in the region, primarily in Mongolia and China. The establishment of Soviet power in that part of the USSR also signified the setting up of a powerful obstacle on the road of the aggressive Japanese militarism and the imperialist expansionism in general.

<sup>4</sup> *Pravda*, Oct. 23, 1982.

<sup>5</sup> *Report of the Central Committee of the CPSU to the 26th Congress of the Communist Party of the Soviet Union*, Moscow, 1981.

## WESTERN ECONOMIC, MILITARY POLICIES TOWARD ASEAN CRITICIZED

Moscow FAR EASTERN AFFAIRS in English No 1, Jan-Mar 83 pp 133-142

[Article by V. N. Baryshnikov, candidate of historical sciences: "Imperialism Pressure on ASEAN"]

The present foreign policy line of the United States is one of imperial pretensions to nearly the entire world. Anti-communist messianism, arrogant interference in the life of other nations, attempts to achieve its aims by way of an unrestrained arms race and total militarisation, and the whipping up of international tension that creates a threat to universal peace—all these serve as the ideological cover for the expansionist programme of the United States. And it is onto this road that the United States wants to drag its allies in aggressive pacts. The conclusion made by the 26th Congress of the CPSU that the policy pursued by imperialists, first of all American,<sup>1</sup> is becoming increasingly more aggressive, is being confirmed many times over.

Southeast Asia, a target of undisguised imperialist expansionism, is one of the entries in Washington's official list of spheres of "US vital interests". To this day American military-monopoly circles refuse to accept the grave defeat suffered by US interventionist forces in Vietnam and other countries of Indochina. Today the United States and other capitalist powers pin their main hopes of strengthening imperialism's positions in Southeast Asia on turning the Association of Southeast Asian Nations (ASEAN) into the channel of imperialist policy and using this regional organisation for military-strategic purposes in the fashion of NATO. This effort centres on the imposition on ASEAN countries of the doctrine of counteracting the "Soviet and Vietnamese threat".

The imperialist pressure brought to bear on ASEAN has yet another motivation. In conditions when their economies are suffering from chronic depression and growing inflation and unemployment, the United States and other imperialist countries are trying to use developing countries in general and the ASEAN countries in particular as a shock absorber to alleviate the above-mentioned phenomena. For this purpose the West tries to increase the dependence of ASEAN countries on foreign capital, to make them spend huge sums on increasing their military potential, etc.

All this contradicts the tasks that Indonesia, Malaysia, Singapore, Thailand and the Philippines set themselves when they formed the ASEAN fifteen years ago, which were to ensure by common effort the economic, social and cultural development of member countries and the strengthening of peace and stability in the region. The constituent session of the council of foreign ministers of the Five, held in Bangkok in August 1967, published a declaration avowing that "ASEAN is a regional organisation the main purpose of which is to create a peaceful, flourishing and viable community by way of collective efforts in the economic, social and cultural spheres". Specifying this programme the Bangkok Declaration put on the agenda of ASEAN's activity the acceleration of economic growth, social progress and cultural development, promotion of peace and stability in the region and vigorous cooperation and mutual

<sup>1</sup> *Documents and Resolutions. The 26th Congress of the Communist Party of the Soviet Union, Moscow, 1981, p. 6.*



assistance in economic, social and cultural fields as well as in the spheres of science, technology and management. The Declaration also provided for the cooperation of ASEAN countries in the training of personnel and in R & D for the development of more effective interaction in the field of agriculture and industry, in the expansion of trade, in the perfection of transport and communication, in raising living standards, etc.<sup>2</sup>

A special organisational structure was established for the attainment of these tasks. It provided for the coordination of the activity of ASEAN countries in all spheres of cooperation at annual meetings of ministers of foreign affairs convened in turn in the capitals of member countries and also at meetings of heads of departments. The organisation's secretariat was formed in Jakarta in 1976. In addition to this a system of ad hoc and standing committees of experts was established for the fulfilment of regional cooperation projects in the field of economy, culture and technology, and also in the social field.

An additional programme of cooperation in the economic field was adopted at the first summit session of ASEAN member countries held on the island of Bali in February 1976, according to which a system of trade preferences within the framework of ASEAN covering such commodities as rice and crude oil, the output of ASEAN industrial enterprises, etc., was introduced.

Also at that meeting the parties signed a treaty of peace and friendship and a declaration of ASEAN cooperation and solidarity, thereby creating a basis for political and diplomatic interaction.

From the moment of ASEAN's foundation its members tried, by way of intensifying regional cooperation, to guarantee conditions for preserving their independence and for their socio-economic progress thus opposing unceasing attempts by international monopoly capital to put a neocolonialist yoke on the region.

One should not discount also the inner motive force of the process of regionalisation of Southeast Asia. By way of class consolidation the ruling circles and bourgeoisie of the ASEAN countries tried to obstruct the development and progress of the revolutionary movement of working people. For carrying out this task they counted on the support of the international bourgeoisie by way of preserving Western military presence in Southeast Asia and also on financial and economic ties with the major capitalist powers, primarily the United States and Japan, even though it was clear from the outset that such ties could never be equitable and merely served to create greater opportunities for neocolonialist forces to infiltrate ASEAN.

The record of the past 15 years shows that a degree of progress has been attained in the economic field as a result of the Association's positive aims. At the same time the tasks proclaimed at the time of ASEAN's establishment stand serious chance of failure due not only to the oppressive heritage left by the colonial past but also to the continuing exposure of the Association's member countries to all the crisis phenomena of the capitalist world economy, unstable market situation, etc.

Agriculture and mining remain the main economic activity of ASEAN countries (with the exception of Singapore) even though headway has been made in recent years in the fulfilment of a number of joint ASEAN industrial projects designed primarily to supply the region with chemical fertilizers: the production of superphosphates (Philippines), ammonia (Indonesia and Malaysia), and also soda (Thailand). Additionally, it was

<sup>2</sup> *The Meeting of ASEAN Heads of Governments*, Kuala Lumpur, 1977, p. 26.



planned to jointly produce diesel engines (Singapore), automobile tyres (Indonesia), machine-tool parts (Malaysia), newsprint (Philippines), TV picture tubes (Singapore) and some other commodities.

The members are also raising the question of the possibility to fulfil some projects by way of active cooperation within the framework of the Association in such fields as production of foodstuffs, the creation of a regional centre for plant protection, joint studies of fish and timber resources, provision of fodder for animal husbandry, and the training of agricultural personnel.

It should be noted that the regional interaction of ASEAN countries in the leading branches of the economy is yet to develop, and often is nothing but good intentions. At the same time the objective conditions for integrational processes in the economic sphere are quite favourable. The average annual growth rates of the GNPs of ASEAN countries is sufficiently stable. Thus, in the period from 1960 to 1973 the figure for Indonesia was 4.7 per cent, Malaysia—6.7, the Philippines—6.3, Thailand—7.6 and for Singapore—10.4 per cent. During the same period the average annual rise in the GNP for these countries was 2.4, 3.9, 3.3, 4.8 and 7.1 per cent respectively, in per capita terms.<sup>3</sup>

But quite often the ASEAN countries lack the money, technological know-how and personnel for increasing integration and carrying out the planned projects. Moreover, the ASEAN countries are unable to avoid rivalry between themselves on the internal and world markets because of the small diversification of industry and agriculture, and also because of differences in the levels of their economic development.

The share of agriculture in the gross domestic product remains very high: in Indonesia it amounted to 40 per cent, in Malaysia—32, Thailand—28, and in the Philippines—29 per cent.<sup>4</sup>

The level of industrialisation of the ASEAN countries is growing very slowly. One can only note the development in all countries of the manufacturing branches of industry (by the mid-1970s their share in Malaysia was 20 per cent, in Thailand—17, in the Philippines and Singapore—21 and in Indonesia—9 per cent).<sup>5</sup>

Serious social problems remain insurmountable for ASEAN countries. The central problem, that of raising the living standards of working people and of providing jobs, has not been solved. In the first half of the 1970s the number of unemployed in ASEAN countries increased at an annual rate of 20 per cent.<sup>6</sup> According to UN statistics, in the period 1975-1985, in Malaysia, Thailand and the Philippines alone almost 13.5 million people are in search of jobs.<sup>7</sup>

As has already been noted, the countries of the Association depend to a large extent on investment of capital by developed imperialist states since they clearly lack the funds of their own to achieve the planned targets of economic development. The Western monopolies make use of this to vigorously penetrate into the region with the aim of preserving and strengthening their positions. The interest shown by imperialist powers

<sup>3</sup> Wu Yuan-li, Wu Chun-hsi, *Economic Development in Southeast Asia: the Chinese Dimension*, Stanford (Cal.), 1980, pp. 5-6.

<sup>4</sup> See Y. M. Surovskaya, *American Capital in Countries of Southeast Asia*, Moscow, 1978, p. 54 (in Russian).

<sup>5</sup> *Ibidem*.

<sup>6</sup> See *Southeast Asia in the 1970s: Social, Political and Ideological Problems*, Moscow, 1979, p. 12, (in Russian).

<sup>7</sup> *ESCAP. Policies, Programmes and Perspectives of the Development of the ESCAP*, Bangkok, January 16, 1978.

in Southeast Asia is motivated not only by geopolitical considerations owing to its strategic location, large territory (more than three million square kilometres) and numerous population (about 250 million) but also by the existence there of important strategic raw materials and big possibilities for the investment of capital. Suffice it to recall that the five ASEAN countries possess a wealth of natural resources and a sufficiently large domestic market. They are a major producer of tin, copper, oil and other raw materials and also supply the world market with more than 80 per cent of natural rubber and Manila copra, 75 per cent of valuable tropical timber, 60 per cent of palm oil, half of the coconuts and pepper, as well as rice, sugar cane, pineapples, bananas and other products.<sup>8</sup>

These natural riches of the Southeast Asian countries are an object of ruthless exploitation by transnational corporations. The foreign monopolies are investing huge sums in this sphere in an attempt to retain Southeast Asia as their raw materials appendage. At present American monopolies account for 23 per cent of all foreign investments in countries of Southeast Asia. Addressing representatives of ASEAN in August 1978 the then US Secretary of State Cyrus Vance admitted that ASEAN countries are "one of the biggest sources of raw materials for the United States". At a conference of representatives of the USA and ASEAN the American side, as it is evident from the joint press statement, tried hard to expand its participation in economic projects, including industrial, in ASEAN countries. With this aim they pressed for and succeeded in establishing a bilateral committee for economic coordination. Two billion dollars were allocated for these activities through the Export-Import Bank for the years 1975-1980.<sup>9</sup>

For similar reasons Japan announced in 1977 its doctrine of "special relationship" with ASEAN that essentially is an expression of Japanese capital's desire to shoulder out its rivals and put Southeast Asia under its influence. It was with this aim, soon after the forming of his cabinet, that Japan's Prime Minister Zenko Suzuki made a tour of all five ASEAN countries in the spring of 1981 during which he tried to ensure a steady growth of deliveries to Japan from that region of oil, rubber, tin, nickel, bauxites and agricultural produce. ASEAN accounts for more than 20 per cent of all Japanese direct overseas investments (as of 1977).<sup>10</sup> At the same time Suzuki's mission pursued the aim of securing a bigger market for Japanese finished goods in these countries. By its importance to Japan, says the Japanese economist Yoshio Matsui, Southeast Asia is second only to the United States. A veritable expansion of Japanese capital is being observed in the area of Southeast Asia (mostly in ASEAN countries). In 1977 direct investments in ASEAN countries exceeded \$4.5 billion (3,128 million in Indonesia, 425 million in Malaysia, 381 million in the Philippines, 370 million in Singapore and 277 million in Thailand).<sup>11</sup> In the course of keen rivalry with the United States the Japanese monopolies have won important positions virtually in all branches of the economy of the region's states. The sway of Japanese capital and the un-

<sup>8</sup> Malaysia produces 46 per cent of all natural rubber and 38 per cent of all tin; the Philippines produces about 70 per cent of all coconut oil and 6 per cent of chrome ore; Indonesia and Thailand produce 29 and 11 per cent of all rubber respectively (*Zhonggong yanjiu*, 1976, Vol. 10, No. 6). Singapore is a world trade centre and a major supplier of manufactured goods.

<sup>9</sup> *US Department of State Bulletin*, 1981, Vol. 81, p. 2046.

<sup>10</sup> See, V. V. Samoilenko, *ASEAN: Policies and Economy*, Moscow, 1982, pp. 116-117 (in Russian).

<sup>11</sup> See Yoshio Matsui, *Japanese Industrial Enterprises in Southeast Asia*, Tokyo, 1979, p. 40 (in Japanese).

equal nature of relations between Japan and ASEAN countries cannot but give rise to strong anti-Japanese sentiments in the region.

It should be noted that by all indications this expansion of Japanese monopoly capital in ASEAN countries is only the beginning. Japan's intention to perform not only economic functions in Southeast Asia, announced by Premier Suzuki, but also to "conscientiously play an active political role" speaks of plans that go much further. In any case, as revealed by Professor N. Seiji of Hawaii University, the establishment of Japanese economic domination in the region is seriously feared in ASEAN countries.<sup>12</sup> Thus, only recently the Minister of Foreign Affairs of the Philippines has come out in opposition to ASEAN's excessive economic dependence on Japan.

The activities of foreign monopoly capital are of an openly exploitative nature. The attempts by the governments of ASEAN countries to achieve greater equality in relations with imperialist partners fail to produce the desired result. Agreements with the United States, Japan, Australia, New Zealand, Canada and the EEC on the fulfilment of a number of projects are being used by the latter to increase ASEAN's dependence on the capitalist world.

Some Western countries are putting up protectionist barriers in the way of goods from Southeast Asia. Thus, the British government recently imposed restrictions of the import of textiles from ASEAN which threaten Malaysia, Thailand, the Philippines and Singapore with serious economic losses. At the same time the British government tried to block the implementation of Malaysia's "new economic policy" envisaging a big cut in purchases of British goods in order to lessen dependence on foreign capital. Such tension in the economic sphere has developed also in Britain's relations with other ASEAN countries.

The protectionist policy of Western powers inflicts considerable economic damage on ASEAN countries and gives rise to the latter's growing counteraction. ASEAN's firm resolve to struggle against protectionism and take necessary measures against countries and transnational corporations which block the economic development of ASEAN countries was stated at the conference of ASEAN foreign ministers in Manila in May 1982 and at all subsequent bilateral meetings at governmental level between these countries and the United States, Japan and the Common Market. The struggle against protectionism and other manifestations of neocolonialism is a component part of the actions by ASEAN countries for the establishment of a new economic order. An important role in this struggle is played both by the expansion of intra-regional economic cooperation and by the development of contacts with the Soviet Union and other socialist countries.

The economic inequality of the developing countries of Southeast Asia in relations with the West leads to growing political pressure by the latter on these countries, to their involvement in the arms race and to the Association's participation in imperialism's military-political actions in the region, particularly in the strategy directed against detente.

This policy of the imperialist powers in respect to the Association of Southeast Asian countries is linked with imperialism's global anti-communist strategy. Already now the Pentagon is making active use of the Strait of Malacca for sending ships of the 7th Fleet, based in Japan and the Philippines, from the Pacific to the Indian Ocean. Also used for this purpose is the Lombok Strait located within Indonesia's territorial waters. Certain

<sup>12</sup> *Asia Pacific Community* (Tokyo), 1978 No. 1, p. 39.

military commitments bind the Philippines and Thailand to the United States. It has become a regular practice for the navies of the United States and its allies to use the harbours and port facilities of ASEAN countries. When visiting ASEAN countries and conducting talks there the numerous military representatives of NATO countries, Australia and New Zealand make the emphasis on the so-called Soviet threat and try to whip up fear of the socialist countries of Indochina. For example, when speaking in Manila in the summer of 1981 US Secretary of State Alexander Haig called on the ASEAN countries to unite in order to "stand up to the Soviet threat".

In its strategic planning the Pentagon views Southeast Asia as a bridge linking the American military structures in the Western part of the Pacific and the Middle East. To translate this idea into life, *The New York Times* wrote recently, the United States wants to enhance the consolidation and strengthening of ASEAN by developing the military potential of the member countries of this Association so that it would give assistance to the United States in moving troops from the Western Pacific to the Indian Ocean and the Persian Gulf area.

During recent hearings at the Sub-Committee for East Asia and Pacific Affairs under the Senate Foreign Relations Committee Deputy Assistant of the US Secretary of Defense R. Armitage urged the strengthening of military ties between the United States and the ASEAN countries. Noting the importance of such ties with Malaysia, Singapore and Indonesia he specially singled out the Philippines describing this country as a "cornerstone of the American military structure" in Southeast Asia and a bridgehead from which the armed forces of the United States can carry out combat operations in the Pacific and Indian Oceans.

For this reason the imperialist powers are devoting much attention to arming ASEAN. NATO's military "aid" is now being virtually forced on the governments of ASEAN countries. The *Far Eastern Economic Review* has estimated that in the period 1975-1980 the volume of such "aid" increased from \$317 million to \$820 million. American military deliveries to the ASEAN zone in 1977-1980 are estimated at \$2.5 billion. In the 1982 fiscal year Washington allocated \$100, 80, 45 and 12.5 million respectively for "safeguarding" the security of the Philippines, Thailand, Indonesia and Malaysia. At the same time the West, and primarily the United States, is trying to compel the ASEAN countries to spend more on military purposes. During his trip to the Philippines in April 1982 US Defense Secretary Caspar Weinberger demanded of his allies readiness for "great sacrifices". As a result, defence spending is rapidly growing in ASEAN countries. In recent years it reached 18-27 per cent of the national budgets. This spending was doubled from 1975-1980, while in 1980 it increased 47 per cent as compared to the previous year.

As it follows from the draft budget, the military allocations of the Philippines in 1983 will considerably exceed the level of 1982. In Thailand these expenditures will go up by 12 per cent. The same trend is characteristic of the other ASEAN countries as well.

It should be noted that the arms are purchased mainly in the United States and are a source of huge profits for the American military monopolies. At the same time the military industry is growing in ASEAN as well, particularly in Singapore and the Philippines.

The United States and its allies are bent on intensifying direct military cooperation with ASEAN. As is known, Washington has succeeded in prolonging the lease of two big military bases in the Philippines (Clark Field and Subic Bay). American military presence is once again increas-



ing in Thailand. Since November 1981 planes of the US 7th Fleet are constantly using the former American base at Utapao and also taking part in the combat training of the Thai army. Two squadrons of Australian Air Force Mirage fighter planes are permanently stationed at the Butterworth (Malaysia) air base. A New Zealand infantry unit is stationed in Singapore. Australia and Indonesia staged joint naval exercises in the Sea of Japan in November 1980. Joint air and naval exercises of the United States and Singapore were held in the South China Sea in March 1981. ASEAN countries are also stepping up military cooperation with South Korea which aspires to the role of a major arms supplier.

So far this military cooperation with the ASEAN countries is being conducted on a bilateral basis but the NATO leadership wants to make it a multilateral one, in particular by revitalising the Manila Treaty (USA, Philippines, Thailand), an agreement on defence (Britain, Australia, New Zealand, Malaysia, Singapore), and to bind ASEAN closer to the ANZUS Pact. The development of military contacts within the framework of these alliances as well as of analogous bilateral ties within ASEAN is viewed in NATO's military planning as an intermediate stage in transforming the Association into a militaristic organisation serving as a supplement to imperialist military blocs. The Pentagon clearly wants ASEAN to build up its system of "advance frontiers" which at present includes Japan, South Korea and ANZUS.

The entire practice of relations of ASEAN countries with the United States, Japan and other imperialist countries bears evidence to attempts by imperialist and hegemonistic forces to impede the Association's development in accordance with the aims of the Bangkok and Kuala Lumpur declarations that provide for the strengthening of national independence, acceleration of economic and cultural progress and the safeguarding of peace and security in Southeast Asia. The main tactics used by the United States and other hegemonistic forces is to frighten the countries of Southeast Asia with the so-called communist threat. Thereby an attempt is made to complicate the situation in the region and to set ASEAN at loggerheads with the socialist countries of Indochina under the false pretext of the "Kampuchean problem".

It cannot be said that the underwater reefs which abound in the channel of this dangerous policy of Western powers are not noticed in ASEAN countries. The leaders of these countries officially declare the unacceptability of the intentions of some circles to turn ASEAN into a military alliance.

The governments of ASEAN countries have refused to succumb to NATO demands that they participate in the ill-famed sanctions by several Western states against Poland and the Soviet Union (the then British Foreign Secretary Carrington specially travelled to Southeast Asia with this aim in February 1982). At the same time serious apprehensions concerning the intention of the United States and other Western powers to assist the militarisation of Japan are making themselves felt in ASEAN.<sup>13</sup>

"ASEAN was founded for peace," Indonesia's Foreign Minister Mochtar Kusumaadmadja recently stated to a correspondent of the newspaper *Compas*. "We do not want hostility with other countries and especially with our neighbours. We do not want to interfere in the internal affairs of other states". Similar declarations were made also by other statesmen of ASEAN countries.

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<sup>13</sup> *Far Eastern Economic Review*, 1981, Vol. 3, No. 3, p. 23



At the same time the policy of the leadership of ASEAN countries clearly reveals an inconsistency which is a result not only of outside pressure but also of the anti-communist prejudice of the bourgeois governments of the Association's member countries and their bent towards the imperialist world. This robs of substance the ASEAN declarations about the intent to create a "peaceful community", "to promote peace and stability in the region", not to speak of the solemn commitment of ASEAN countries proclaimed at the forum of the Association's foreign ministers in 1971 to work resolutely for turning Southeast Asia into a "zone of peace, freedom and neutrality", independent of interference by outside powers "in any form and in any way".<sup>14</sup>

The discrepancy between the aims of this declaration and the present political realities of ASEAN manifests itself with particular clarity in the reluctance to strengthen ties with the socialist states of Indochina which are a component part of the region of Southeast Asia.

It is clear that positive regional processes in relations of states with different socio-political systems began to develop after the defeat of the American intervention in Indochina. Diplomatic relations were established between the ASEAN countries and Vietnam and Laos, government delegations were exchanged and several useful interstate agreements were concluded. The common determination to deepen mutual contacts on the basis of the principles of peaceful coexistence was demonstrated at the meeting of the Prime Minister of the Socialist Republic of Vietnam Pham Van Dong with the leaders of all ASEAN countries in September-October 1978. The SRV Prime Minister made official assurances of respect for the independence and sovereignty of the region's states and also of noninterference in their internal affairs. The SRV, he stated, needs peace above all, it "has no intention to encroach on the sovereignty of neighbouring states" and it is ready to conclude mutual nonaggression pacts with ASEAN countries on a bilateral or collective basis.<sup>15</sup>

But when Vietnam rendered assistance to the Kampuchean people in liquidating the regime that threatened the very existence of the Khmer nation, the ASEAN countries erected artificial barriers in the way of the development of positive trends in interstate relations in Southeast Asia and gave a plainly one-sided interpretation to the events in Indochina, demanding a withdrawal of the Vietnamese troops from Kampuchea, which have been stationed there at the request of the government of the PRK, as a preliminary condition for the restoration of normal ties with the countries of Indochina. The 12th Session of the Ministers of Foreign Affairs of ASEAN countries on Bali (June 1979) even declared Vietnam an "aggressor" in respect to Kampuchea.<sup>16</sup>

This stand coincides with the anti-Vietnamese position of the international imperialist and hegemonistic circles which are interested in preserving tension in Southeast Asia, in using the Pol-Potists to obstruct the process of national reconstruction in Kampuchea. The socialist countries of Indochina regard the demand for the withdrawal of Vietnamese troops from Kampuchea at a time when the threat to the security of the Indochina countries continues to exist and when Thailand continues to give aid and support to the Pol-Potists and other reactionary Khmer forces as an action denying the SRV, PRK and the LPDR the right to self-defence, inflicting

<sup>14</sup> *Bangkok Post*, November 29, 1971.

<sup>15</sup> *Southeast Asian Affairs 1979. Institute of Southeast Asian Studies, Singapore, 1979, p. 61.*

<sup>16</sup> *Asian Survey* (Berkeley), 1979, Vol. 19, No. 12, p. 1185.

damage to the security of these countries and increasing the danger to peace and stability in Southeast Asia.<sup>17</sup>

The ASEAN countries have entangled themselves in the international reaction's large-scale hostile campaign against the socialist states of Indochina by joining such shameful acts as the blocking of the PRK's right to representation in the UN, participation in the so-called international conference on Kampuchea in July 1981 and in the attempts to consolidate the alliance of Khmer reactionaries by creating the so-called coalition government of "Democratic Kampuchea", and the whipping up of tension in the Indochina region.

At the same time influential circles in a number of ASEAN countries reject the peaceful initiatives of Vietnam, Laos and Kampuchea directed at relaxing the regional situation and developing relations based on regional friendship and mutually advantageous cooperation. For example, ASEAN failed to respond to the peaceful constructive proposals set forth at six conferences of the ministers of foreign affairs of Vietnam, Laos and Kampuchea in the course of 1980-1982. In particular, ASEAN responded negatively to the decisions of the foreign ministers of the three countries (Vientiane, July 1980) who proposed to ASEAN an extensive programme of asserting principles of friendship, trust and peaceful coexistence in relations between all states of Southeast Asia. Neither was there any response to the important initiatives of the conference of the three countries of Indochina in Ho Chi Minh City (January 1981). As is known, in addition to their former proposals the SRV, LPDR and PRK suggested to hold a regional forum of the countries of Indochina, ASEAN and Burma with the aim of ensuring peace, stability, friendship and cooperation in South-east Asia on the basis of the principles of equality, mutual accord, respect of independence, sovereignty and territorial integrity of each country, renunciation of the imposition of the will of one group of states on the other, and also of outside interference. The governments of the Indochina countries expressed desire to sign a relevant treaty with the ASEAN countries. They also stated their readiness to conclude a treaty on peaceful coexistence with the PRC.

Of much positive importance also are the major proposals made by the three countries of Indochina in July 1982. They take into consideration also the wishes of ASEAN countries, this being reflected in particular by the decision of the SRV and the PRK to withdraw a considerable part of the Vietnamese troops from the territory of Kampuchea in July 1982. The government of the PRK also proposed to set up a security zone along both sides of the border with Thailand and expressed readiness to discuss with the Thai authorities all questions connected with the turning of the border areas into a zone of peace and security so that the territory of one state would not be used for attacks on the other.

The countries of Indochina proposed to convene an international conference to discuss various aspects of the situation in Southeast Asia and to be attended by the countries of Indochina, ASEAN, and Burma, as well as the five states that took part in earlier conferences on Indochina (USSR, China, United States, France and Britain), and also India.

The consistently peace-loving course of the socialist countries of Indochina creates preconditions for asserting in Southeast Asia an atmosphere of peace, stability and mutual understanding. The tasks facing the peoples of the region can be attained only in conditions of a constructive

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<sup>17</sup> See Nguyen Co Thach, "For a Lasting and Reliable Peace in Southeast Asia", *International Affairs*, 1981, No. 2, p. 31.

dialogue between all the countries of the region. Without talks and cooperation, without a search for mutual understanding the intraregional confrontation can only worsen and the very troubled situation in Southeast Asia can only further deteriorate. Such a road for the ASEAN countries could result in their involvement in the dangerous imperialist and hegemonistic policy, their renunciation of the constructive aims proclaimed in the Association's programme and their deviation from the road of independent development.

Proceeding from its principled Leninist policy of the peaceful coexistence of states with different socio-political systems the Soviet Union is invariably in favour of the development of relations with all ASEAN countries on the foundation of mutual advantage, respect of sovereignty and territorial integrity, and noninterference in each other's internal affairs. At the 26th CPSU Congress L. I. Brezhnev stated that the USSR saw no obstacles to the development of good cooperation with states belonging to the Association of Southeast Asian countries.<sup>18</sup> While successfully expanding trade, economic, cultural, parliamentary and other ties with these states on a bilateral basis the Soviet Union strives at the same time to facilitate the consolidation of the spirit of trust and equal cooperation in Southeast Asia as a whole. Precisely this motivated the Soviet proposal to work out and apply confidence-building measures in the Far East. Proceeding from its positive view of the important initiative of Vietnam, Laos and Kampuchea to turn Southeast Asia into a zone of peace the Soviet government sent an appeal to ASEAN countries in February 1981 in which it noted the immense importance of a constructive dialogue between the countries of Indochina and the Association for removing the difficulties existing in the relations between these countries. The appeal stressed that the turning of Southeast Asia into a zone of peace would be an effective guarantee of ensuring the security and sovereign rights of the area's peoples and make a substantial contribution to the cause of asserting peace and stability in Asia and beyond it.<sup>19</sup>

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<sup>18</sup> See *Materials of the 26th Congress of the CPSU*, p. 19.

<sup>19</sup> See, *Pravda*, Feb. 22, 1982.

## U.S. CELEBRATION OF KOREAN DIPLOMATIC RELATIONS CENTENARY SCORED

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[Article by Yu. I. Ognev: "The Facts of History and Their Falsifiers"]

It is quite often that historians encounter the most crude falsifications of historical facts. Many prominent bourgeois leaders and scholars suffer from this malaise, including numerous presidents of the United States. But the Reagan Administration has evidently surpassed all its predecessors in this respect. The campaign in connection with the so-called centenary of the establishment of diplomatic relations between the USA and Korea, conducted on the initiative of the ruling circles of the United States in May 1982, can be viewed only as a shameless and crude falsification of history. The President of the United States not only praised the unequal treaty that was imposed by the United States on Korea on May 22, 1882, but also suggested to Seoul to proclaim on this occasion a "week of national celebration".

It is common knowledge that the period of the colonial plunder and enslavement of Korea began precisely after the signing of unequal treaties that were forcefully imposed on it by Japan (February 26, 1876) and the United States (May 22, 1882). But contrary to all known historical facts the United States is trying to whitewash this colonialist, plunderous treaty between the United States and Korea, to make the Koreans believe that, as it was stated by President Reagan in an interview to the Korean edition of *Readers' Digest*, friendship between the two countries has supposedly been hardening since the establishment of Korean-American diplomatic relations in 1882. It was contended in a resolution adopted by the International Relations Committee of the US Senate in connection with the "centenary of diplomatic relations between the USA and Korea" that during the past 100 years the two countries successfully developed cooperation in the field of culture, trade and safeguarding security, that Koreans owe their liberation to the United States, and Americans had given their lives not for the sake of the ambitious claims of the US ruling circles to world domination, not for securing the positions of the United States in South Korea but for the sake of protecting the Korean Republic from "aggression". Even the involvement of South Korean troops in the despicable US aggression against Vietnam was portrayed as a "glowing page" in Korean-American relations. The visit to South Korea by the US Vice-President Bush in May of last year was timed to coincide with the anniversary date. He brought with him to Seoul a personal "congratulatory" message from the US President, met with the Seoul rulers and addressed a special session of South Korea's "national assembly".

Washington's and Seoul's activities in connection with this anniversary prompted a natural question among all more or less knowing people: what were the aims of the latest campaign of falsifying history? What considerations guided Washington and Seoul when they resorted to their latest act of ideological subversion? Some light is shed on the matter by the article written by D. Ranard, Director of the US Center of Inter-

national Policy, a retired diplomat who in 1970-1974 headed the Korean Agency at the US Department of State. In one of the April issues of the *New York Times* he wrote that in their attempts to justify military budgets on Capitol Hill representatives of the Pentagon had proudly named South Korea for many years as a country always prepared to receive American troops. But now, after the American cultural centre in Pusan was set fire to on March 18, 1982 the United States is encountering anti-Americanism with no precedent during the entire hundred years of the existence of diplomatic relations with Korea. Ranard writes further that the new generation of Koreans is becoming ever more critical of America and that this is understandable. America's reputation was undermined by 18 years of support for the late General Park Chun Hee and similarly lavish assistance to his successor General Chun Doo Hwan. Washington, the article continues, is very wrong if it thinks that the arson in Pusan is the doing of communists as is now presented by Seoul. The South Korean dissidents are not "spoiled brats", as the US Ambassador Richard Walker is reported to have stated. The view is growing among Korean intellectuals and Korean students that American soldiers are there not so much to defend their freedom as to protect American capital investments and trade. D. Ranard writes.<sup>1</sup> On making such frank admissions Professor D. Ranard arrives at the conclusion that anti-Americanism exists also in all countries of the Pacific Ocean. He refers to a letter sent to the United States by a prominent Philippine religious leader saying that young Filipinos are convinced that America is arming Filipino soldiers to kill their fellow countrymen.<sup>2</sup> Such are the facts. So if Washington and Seoul tried by way of celebrating the "centenary of diplomatic relations" to neutralise the growth of anti-American sentiments in South Korea, they have chosen a most unfortunate pretext, for the 1882 Treaty is one of the most shameful chapters in the history of America's relations with Korea and is capable of evoking in Koreans only the most unfavourable memories for the United States.

It is not by chance that this provocative action by Washington and Seoul gave rise to deep indignation and strong protests by the public of the Democratic People's Republic of Korea which assessed it as a crude mockery of the national feelings of all upright Koreans. In this connection the Central Committee of the United Democratic Front of Korea issued a statement about the crimes of the American imperialists against the Korean people during the past 100 years. Meetings of protest were held throughout the DPRK. A national scientific conference in Pyongyang was addressed by prominent Korean historians who exposed the criminal actions of American imperialism. The central press of the DPRK published a memorandum of the DPRK Ministry of Foreign Affairs noting that the purpose of the "activities conducted by the American imperialists and their South Korean puppets on the occasion of the centenary of the Korean-American Treaty and the hullabaloo raised by them concerning the so-called Korean-American 'friendship', 'good relations' and 'cooperation' is to cultivate in the South Korean people the ideology of servility and kow-towing to America so as to perpetuate the occupation of South Korea by the United States, to enhance the further pursuance by the United States of its aggressive policy of plunder and to encourage the policy of national betrayal".<sup>3</sup>

<sup>1</sup> *New York Times*, April 29, 1982.

<sup>2</sup> *Ibidem*.

<sup>3</sup> *Nodon sinmun*, May 21, 1982.



The history of the imperialist colonialist policy of the United States holds a very prominent place in Korea's long history marked by the heroic struggle of the Korean people for its independent national development, against numerous attempts by foreign invaders to enslave it. Numerous efforts were made in American historiography to justify the policy of colonialist plunder and the crimes of colonialists in Korea by falsifying facts. In historiography devoted to Korea one can see a direct link between the concepts of representatives of the reactionary direction and the policy of the US government in respect of Korea, political propaganda and the ideological shaping of public opinion. Old colonialist concepts are being revived and new ones created. For instance, when the US government concluded a deal with the Japanese imperialists late in the 19th and early in the 20th centuries and thereby facilitated the establishment of Japan's colonial domination in Korea, the theory about the Korean people's inability to exist independently was widely circulated in the USA, praise was lavished on the civilising mission of the colonial powers, and Japan was openly recommended not to treat Korea as a sovereign state. In modern times, when the USA occupied South Korea and turned it into its fief, it was not by chance that American historians started circulating the ideas about the "distinctions in the historic destinies" of the two parts of Korea (the Northern and Southern) determined supposedly by the dominant influence of the outside world and condemning the struggle against foreign invaders who supposedly ensured the political stability in the Korean Peninsula that is allegedly regulated to this day by external forces, etc.<sup>4</sup>

The large-scale propaganda campaign initiated by the ruling circles of the USA and their South Korean accomplices on the occasion of the so-called centenary of Korean-American diplomatic relations served the falsification of the history of the imperialist policy of the United States in Korea. It appears that Washington and Seoul think that the public at large, which is not well versed in politics, will believe the crude inventions that the United States, as different from other imperialist forces, supposedly was and remains a friend, a mighty patron and benefactor of the Korean people, a defender of its sovereignty and national self-determination. Neither Washington nor Seoul are deterred in any way by the fact that this propaganda trick puts everything upside down.

As is known, the 1882 American-Korean Treaty was a result of the struggle by the biggest capitalist predators for the territorial partitioning of the world, for the seizure of colonies, a struggle that drastically intensified in the second half of the 19th century. At that time Korea was one of the targets of colonial expansion in the Far East by many powers which wanted to impose unequal treaties on Korea and assert their influence there. The United States was one of the first capitalist powers to launch the offensive against Korea with the aim of enslaving it by means of brute force.

The following facts of history are common knowledge. In 1866 the Korean coast guard set fire to the American armed vessel *General Sherman* from which the US colonialists tried to land on Korean soil and impose a "trade treaty" on Korea. In 1868 the Americans organised a new military expedition, landed troops on Korean territory, plundered the population and destroyed tombs held sacred by Koreans. The Korean

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<sup>4</sup> See *History of Korea (From the Ancient Times to Our Day)*, Vol. 1, Moscow, 1971, pp. 4-8 (in Russian).

people worthily repulsed the pirates. The Americans failed in their efforts to force Korea to open its ports to them.

In the spring of 1871 an American military expedition in Korea was prepared under the direct supervision of the US State Department. It was headed by the commander of the American squadron in Asia D. Rogers and the US envoy in China F. Law. When the landing party appeared on Kanghwa Island it started robbing and marauding. This time again the Koreans heroically repulsed the American interventionists. As testified by historians, the courage, fearlessness and selflessness of the Korean fighting men amazed and frightened the Americans and the command of the squadron was compelled to order a withdrawal from Korea.

Under the treaty between the USA and Korea signed on May 22, 1882 in Tientsin the Americans obtained in Korea the rights of consular jurisdiction, extraterritoriality and also of religious propaganda. That was a typical unequal colonialist treaty which gave the American capitalists the "right" to exploit Korea's natural wealth and various privileges in trade, and allowed them insolently to flout the sovereign rights of the Korean people.

The American colonialists were attracted to Korea by its natural wealth, mostly gold, and they were quite successful in plundering it. The United States also devoted much attention to ideological expansion using for this purpose American missionaries in Korea who were lavishly subsidised by the US government.

To cover up the plunderous nature of the 1882 Treaty the United States, as is known, introduced into its text the clause about "good offices", undertaking to help Korea if any power threatened it with enslavement. But at a very difficult time for Korea when Japan occupied dominant positions in Korea after the 1894-1895 Japanese-Chinese war and directly threatened Korea with enslavement, the United States betrayed Korea and behind the back of Koreans started encouraging the actions of the Japanese invaders. Together with Britain the United States actually supported the Japanese expansion in Korea, motivated by their own imperialist plans and the desire to weaken the positions of tsarist Russia in the Far East and to bolster their own influence there. Korea thus became a pawn in Washington's diplomatic manoeuvres.

Referring to the commitment assumed by the United States under the 1882 Treaty the Korean government appealed for help but the United States failed to honour its obligation.

It was the United States that gave Japan vigorous diplomatic and extensive financial assistance in the preparations for war with Russia and in the expansion in Korea. Russia's defeat in the war with Japan removed the main obstacle to Japan's enslavement of Korea. As to the US government that held a treaty of "friendship and mutual assistance" with Korea, it gave its consent to Japan's seizure of Korea even before the war between Japan and Russia had ended. This consent was formalised on July 27, 1905 in the form of a record of a conversation between the Japanese Premier Katsura and the US Secretary of War Taft. Taft said that his government would not object to the establishment of a Japanese protectorate over Korea. In exchange for this Japan renounced its claims to the Philippines which were captured by the United States.<sup>5</sup> The predatory nature of the imperialist powers—the USA and Japan, these enslavers of other peoples, manifested itself once again in this secret

<sup>5</sup> See I. Kravtsov, *American Imperialism's Aggression in Korea (1945-1951)*, Moscow, 1951, p. 12 (in Russian).

collusion. A particularly shameful role here was played by the US government which by its "diplomatic" actions expressed its contempt for the destiny of Korea, a victim of Japanese aggression. When Japan used the threat of armed force and confronted the Koreans with the ultimatum that they sign a "treaty" under which a protectorate was to be imposed on Korea, the Korean emperor again sent a letter to President Theodore Roosevelt of the United States imploring the US government to help Korea against the Japanese aggressors. The US President left the letter unanswered. After the establishment of the Japanese protectorate over Korea the US government recognised its validity and soon afterwards, late in 1905, recalled its diplomatic mission from Korea. This actually ended the history of the so-called diplomatic relations between the USA and Korea in 1882-1905. This very same history was resumed in new conditions and in a no less shameful variant for the United States as a history of relations between the USA and the southern part of Korea after a more than 40-year interval and the creation in 1948 of the so-called government of South Korea headed by the American lackey Syngman Rhee.

In American and South Korean historiography one clearly sees the intent to gloss over America's shameful role in Japan's colonisation of Korea and to distort tsarist Russia's policy in matters pertaining to Korea. But it is hard for US historians to find arguments somehow to explain away the fact that it was Russia that tried to preserve the independent status of the Korean state and that after Russia's defeat in the war with Japan the latter succeeded in establishing its protectorate over Korea.

In equal measure holding no water are the theses of American historiography about the "good relations" between the USA and Korea after their conclusion of the 1882 Treaty. The Taft-Katsura agreement in July 1905, in which Japanese hegemony over Korea was exchanged for American dominance in the Philippines, was an excellent example of the pragmatic approach that the US took toward Korea during the early years of their relationship.<sup>6</sup>

When giving vigorous support to Japan's policy of conquest the United States was motivated also by other selfish considerations, getting in exchange from Japan support for its economic interests in Korea and the creation of favourable conditions for continuing the American colonial plunder of Korea. As it was noted in the memorandum of the DPRK Foreign Ministry, even after the establishment of Japanese domination in Korea the American imperialists sent there surplus products at high prices and took out of Korea gold, silver and other precious metals. In 1909-1920 from four Korean mines alone—the Unsan, Suan, Changsong and Chicksan—American businessmen took out of the country 80 per cent of all gold and silver that was mined during that time in the whole of Korea.<sup>7</sup>

The history of "diplomatic relations" between the USA and Korea (1882-1905) is a history of American complicity in the colonial plunder and enslavement of Korea, a history of the political betrayal of Korea by the United States. With the overt and covert assistance of the United States Korea ceased to exist as an independent state and became a slave of Japanese imperialists.

<sup>6</sup> See *Journal of Northeast Asian Studies*, Vol. 1, March 1982, p. 58.

<sup>7</sup> See *Nodoni sinmun*, May 21, 1982.

Contrary to historical facts American propaganda and historiography are portraying the United States as a liberator of South Korea from the Japanese colonialist yoke in 1945, as a guarantor of "freedom and democracy" and a benefactor in the subsequent period. In this connection it appears necessary to recall some actual events of postwar history.

First of all US troops never liberated Korea and even did not take part in its liberation. In fact they came to South Korea in the capacity of an occupation force already after Japan's surrender. It should also be recalled that it was not American but Soviet troops that engaged units of Japan's Kwantung Army and battled their way into Korea in August 1945. Detachments of the Soviet 25th Army under the command of Colonel General I. Chistyakov and units of the Pacific Fleet under the command of Admiral I. Yumashev<sup>8</sup> took part in combat operations to liberate Korea. During August and September of 1945 in the northern part of Korea all Japanese troops, gendarmerie and police were disarmed, taken prisoner and evacuated, the apparatus of the Japanese colonial rule abolished and conditions for national independence created. Liberation of the northern part of Korea by the Soviet Army gave rise to the democratic movement in the South of Korea. Although the Soviet troops did not enter the South Korea, the Japanese administration there was paralysed by Korean patriots themselves, who were dismissing Japanese administration and taking power.

The arrival of American troops in South Korea in September 1945 (a month after Japan's surrender) only complicated the political situation in the country. A day before the landing of American troops in South Korea the commander-in-chief of the US armed forces in the Pacific General Douglas MacArthur addressed the population of South Korea and announced that all authority on Korea's territory to the south of the 38th parallel would be exercised by US troops.<sup>9</sup> As to the commander of the US forces in South Korea, General D. Hodge, he immediately informed the Korean population that it was obliged to continue to obey the Japanese administration and observe the Japanese-established laws and regulations until American personnel arrived in Korea in sufficient numbers. It was only under pressure from the indignant Korean population that the Japanese Governor-General Nobuyuki Abe and the staff of the Japanese administration were officially dismissed on September 14, 1945.<sup>10</sup>

In that period the military and diplomatic activity of the United States in South Korea was directed at aiding the infiltration of the South Korean economy by American monopolies and at strengthening its positions by making extensive use of the reactionary Korean emigres who were being prepared for many years to play the role of US agents in Korea. In October 1945 the American command brought to South Korea the notorious Syngman Rhee who with the help of the American authorities immediately began to claim the role of ruler of the whole of Korea.

The United States used this convenient circumstance of stationing its troops in South Korea to achieve its colonialist ambitions that it nurtured for 100 years. Utilising the regime of military occupation the United States took control of 85 per cent of the South Korean economy

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<sup>8</sup> See *International Relations in the Far East in Post-War Years*, Vol. 1 (1945-1957), Moscow, 1978, p. 70 (in Russian).

<sup>9</sup> *Ibid.*, p. 74.

<sup>10</sup> *Ibidem*.

under the pretext that this share was "Japanese property" and turned South Korea into a market for commodities that could not find buyers.<sup>11</sup> Under the guise of "aid" they sold their surplus goods to South Korea at monopoly prices. American propaganda now extensively advertises the so-called US aid to South Korea and names various figures reaching \$10 billion, this including military deliveries. But it is carefully concealing the fact that, as it was noted in the memorandum of the DPRK Foreign Ministry, in the period since the liberation of Korea to the present time the American imperialists pumped out of South Korea a total of \$120 billion<sup>12</sup> in the form of profits derived from capital investments, non-equivalent trade exchange, payment for the upkeep of American troops, etc.

The consistent efforts to split the Korean nation should also be mentioned among the "good offices" of the United States during the postwar period. It was through the fault of the United States that the decision of the Moscow conference of foreign ministers providing for the creation of a provisional Korean democratic government was blocked and the work of the joint Soviet-American commission, set up precisely for this purpose, was frustrated. In violation of the Allied accord, that questions of a post-war peace settlement were to be decided by the conference of foreign ministers and the governments of the Allied powers, the United States succeeded in putting the Korean question on the agenda of the 2nd Session of the United Nations General Assembly and set course at creating in South Korea a separate government dependent on Washington.

As to the Soviet Union, it resolutely opposed this anti-Korean action and any form whatsoever of interference in the Korean people's internal affairs. The USSR included in the agenda of the already mentioned Session its own draft resolution on the withdrawal of Soviet and American troops from Korea and also proposed that representatives of the Korean people be invited to take part in the discussion of the Korean problem.<sup>13</sup> But the United States used its influence in the United Nations to secure the adoption of its own draft without the participation of Korean representatives. The creation of the United Nations Temporary Commission on Korea sparked off numerous meetings and protests in South Korea while the people's government in North Korea (and not the Soviet authorities as it is alleged by American political commentators not without hidden intent) barred the United Nations Commission from entering the territory to the north of the 38th parallel. In the USA and South Korea they are prone to "forget" also such a "detail" as the fact that the Commission itself was forced to admit the impossibility for it to fulfil its functions and decided at first to return its mandate to the General Assembly.<sup>14</sup> It was only under pressure from the United States and the Interim Committee, set up by the pro-American majority at the 2nd Session of the UN General Assembly, that the UN Temporary Commission adopted the recommendation to hold elections only on the territory of South Korea.<sup>15</sup> It should be added that in the 1940s and 1950s, that is, the period of Washington's dominant influence in the United Nations, the latter adopted

<sup>11</sup> See *Nodon sinmun*, May 21, 1982.

<sup>12</sup> *Ibidem*.

<sup>13</sup> See *The Soviet Union and the Korean Question (Documents)*, Moscow, 1948, pp. 70-71 (in Russian).

<sup>14</sup> See *United Nations, Report of the Interim Committee of the General Assembly*, July 22, 1948, Doc. A/583, p. 4.

<sup>15</sup> See *UN General Assembly Official Records*, 3rd Session, Supplement No. 9 (A/575), Vol. 1, pp. 32-33.



under its pressure a large number of unlawful resolutions, the resolution on the creation of the UN Temporary Commission on Korea being one of the first of such shameful acts.

The UN Temporary Commission, whose membership was composed primarily of countries that were dependent at the time on the United States (among them Australia, Canada, El Salvador, the Philippines and Taiwan), sanctioned the holding of the so-called elections in South Korea on May 10, 1948 in conditions of the presence of American troops there and the state of emergency. The "national assembly" that was "elected" in such circumstances adopted a constitution which was dictated to it by the American command. Syngman Rhee was appointed President of the so-called Republic of Korea. For many years he was a pliant puppet in US hands and was overthrown only in April 1960 as a result of a heroic popular uprising.

The creation by the Americans of the anti-people puppet regime in South Korea in 1948 was the decisive step to an artificial division of the Korean nation. This drastically aggravated the situation in the Korean Peninsula and in the long run engendered the outbreak of the bloody war in Korea.

Despite the continuing military occupation of South Korea by the United States and without waiting for Washington's consent the Soviet Union unilaterally withdrew its troops for ever from North Korea in 1948 leaving it up to the Koreans to settle their domestic affairs themselves.

Such are the real facts that are now being maliciously distorted by the American falsifiers, this intended for those for whom the 1950s have already become a part of history. It is useful to bring this to the attention of the South Korean nationalists who, wittingly or not, are deluded and trying to place on the same footing the policy of the USA and the USSR in Korea.

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The US propaganda machine falsifies many aspects of the imperialist policy in Korea and makes a particularly big effort to cover up the shameful role of the US ruling circles in organising and accomplishing the armed aggression in Korea in 1950-1953. But no matter how hard the United States and its accomplices may try to portray themselves as the "saviours" and "benefactors" of Koreans in such a difficult period for the Korean people the criminal venture of the United States will always remain the most disgraceful chapter in the hundred-year-long history of the American aggression in Korea. The aims for the sake of which the American interventionists sent their armed forces to interfere in the internal affairs of the Korean people have nothing to do with the latter's interests. The United States waged war in Korea for the interests of monopoly capital, for preserving its imperialist domination in South Korea that was undermined by the civil war that began in Korea.

Today, when the world is encountering new US claims to military superiority and the dangerous hegemonic policy of the Reagan Administration, it is particularly useful to recall that the unleashing of the aggressive war in Korea was directly connected with the exaggerated belief of the American ruling "hawks" in the military superiority of the USA over the Soviet Union, that had gone to their head, with the policy of establishing world hegemony of the USA which the then US President Truman began to impose on the American people from the very first days of office.

Among the substantial obstacles preventing the attainment by the United States of its imperialist aims in the Far East, such as the principled anti-imperialist policy of the Soviet Union, the democratic processes in Japan and China, etc., was the unbending will of the Korean people to achieve genuine independence. It was against this latter obstacle that the postwar policy of the United States was directed, resulting in an armed conflict in the Korean Peninsula. The failure of the plans to establish US domination in China did not stop but, on the contrary, egged on the American politicians to interfere actively in the internal affairs of the Asian peoples with the purpose of achieving their selfish aims. The intervention of the US armed forces in the civil war in Korea served precisely these interests. The US intervention in Korea accorded with the interests of the American and Japanese monopolists. The best times of the military boom of the second world war period were felt in the United States immediately after the commencement of the war in Korea.

The roots, therefore, of the Korean venture of the United States should be sought not in the American-South Korean relations but in the aggressive nature of the global policy of the United States. US imperialism, which had already then started playing the role of a world policeman, was eagerly looking for a plausible pretext to start aggressive actions hoping thereby to liquidate the people's power in China and North Korea, strike a blow at the national liberation movement and bolster imperialism's weakened positions in Asia. Thus Korea became a victim, its territory became a convenient bridgehead for the Americans while the South Koreans became an instrument for the attainment of Washington's imperialist aims.

In connection with the centenary of the so-called diplomatic relations, celebrated in the USA and South Korea, it is worth recalling, even if briefly, some facts of the "diplomatic" activity of the United States of that period.

It is known that already before the commencement of hostilities in Korea the US 7th Fleet was ordered into the Taiwan Strait, measures were taken to beef up the US armed forces in the Philippines and the positions of the United States in Indochina were strengthened.

At the time when American bombs were already falling on Korean soil, the United States, using its obedient majority, succeeded in making the UN Security Council adopt unlawful resolutions in support of the American aggression in Korea. These resolutions were adopted at a time when the Soviet representative, in protest against the violation of the PRC's lawful rights in the United Nations, was not taking part in the work of the Security Council and the seat of China as a permanent member of the Council was unlawfully held by the representatives of Taiwan.

The name of "United Nations Forces" in Korea was actually given to American and South Korean troops. It was only under US pressure that small units of some allies of the United States took a symbolic part in the Korean venture. It was not by chance that the Korean war was called in the United States "Mr. Truman's war".

Truman's and Acheson's tactics in the Korean war was to avoid a direct clash with the armed forces of the USSR or the PRC and to direct the entire might of their forces against the much-suffering Korean people.

It was only thanks to the persistent initiatives of the USSR, which received extensive international support, that it became possible to stop the bloodshed in Korea and reach agreement on an armistice. It was the

United States that for two years hindered serious negotiations in Panmunjom since it wanted "to fight in Korea to the last Korean".

Plans of using atomic weapons in the Korean war were seriously considered in the ruling circles of the United States. It was only the firm position of the Soviet Union that foiled the plans of the American military who were bent on repeating the tragedy of Hiroshima and Nagasaki on Korean soil. Washington's plans to use atomic weapons in Korea failed because of the increased might of the USSR and the loss by the United States of its atomic monopoly.

The losses suffered by the United States during the Korean war for the sake of its imperialist aims cannot be compared in any way with the losses and sufferings of the Korean people during this shameful venture of the American ruling circles.

The US policy in Korea during the Korean war was marked by gross great-power contempt for the Korean people and stark hostility to its national interests.

South Korea's military and economic dependence on the United States increased still further as a result of the war.

The "mutual defence" treaty signed between the United States and its Seoul "comrades-in-arms" in the criminal war created a basis for the militarisation of South Korea and for preparing the South Korean bridgehead for a new war.

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When celebrating the so-called centenary of diplomatic relations with a mighty imperialist power, the United States, the South Korean authorities should have summed up the results of these, as they contended, relations of "friendship and cooperation". But what are these results in reality?

Washington retains South Korea as its domain, as a bridgehead of anti-communism and a military base of the Pentagon and is pressing for the whipping up of tension in the Korean Peninsula and for perpetuating the division of the Korean nation by all means. In this the United States relies in South Korea on American bayonets and the American military command at whose beck and call the Seoul rulers are. Likewise in its service are the big South Korean businessmen who are linked with the monopolies of the United States and Japan.

The political situation in South Korea remains extremely tense. The South Korean rulers marked the centenary with a new financial scandal and the arrest of some members of the ruling South Korean elite on charges of embezzling large sums. The week of "national celebration" coincided with anti-government actions by the country's democratic public in connection with the 2nd anniversary of the military coup in South Korea staged by the South Korean military headed by General Chun Doo Hwan with Washington's support, and the establishment of a fascist military regime. A mass meeting of mourning was held in the city of Kwangju where a popular uprising was brutally suppressed two years ago and thousands of peaceful civilians were killed.

The ruling circles of the United States have long been playing a double game in South Korea where they pose as champions of democracy so as to divert from themselves the wrath and anger generated by the policy of their lackeys and to prevent a growth of anti-American sentiments in the country. But in reality the prospects of democratising South Korea have never been a matter of concern for the American ruling circles always preferring to rely on "strong power". Facts of history show

that the United States has repeatedly betrayed the pro-American South Korean opposition to the dictatorial regimes. Thus, the United States condemned the repressive regime of Syngman Rhee after it was overthrown in April 1960 but then facilitated the coming to power of the military junta headed by Park Chun Hee and supported the establishment of his repressive rule. The same happened after the removal of Park Chun Hee in 1979 when the United States trampled underfoot its own promises and the hopes of the South Korean population for a "liberalisation" of the Seoul regime, helped the suppression of the popular uprising in the summer of 1980, and put its stakes on the military thus facilitating the consolidation of Chun Doo Hwan's dictatorship.

But as before it is first of all the US armed forces stationed on the territory of South Korea that are the main pillar of support of American domination. As is known, a so-called joint command of the armed forces of the United States and South Korea headed by American generals was established in 1978. Under the guise of the "joint command" the Pentagon has actually assumed total command of the South Korean armed forces whereas the South Korean generals have no control whatsoever over the US troops which are under the "joint command" only on paper. Washington fully controls the political situation in the country through the South Korean military who are subordinate to the Pentagon. It is thus for good reason that the regime of military dictators headed by the present President Chun Doo Hwan is called a puppet regime. Lieutenant General Robert W. Senniwall was appointed recently to the post of Commander of the joint American-South-Korean Armed Forces and replaced General John Wickham. As reported by the press, General Senniwall will have under his command the 40,000 US servicemen stationed in South Korea, the South Korean troops and also units of the US 8th Army stationed in other areas of the West Pacific.

South Korea is now given an important place in Washington's new military-strategic plans. The Reagan Administration has proclaimed the Korean Peninsula an area of "vital interests" of the United States and expressed readiness to use "armed force" to "defend" it.<sup>16</sup> Actually this means defending it from the Korean people because externally no one except the United States poses a threat to the Korean people.

South Korea remains one of the largest recipients of American weaponry. In the 1983 fiscal year the USA will provide Seoul with military aid to the sum of \$280 million.<sup>17</sup>

South Korea has now been turned into one big military camp. The South Korean regime has under arms 600,000 soldiers forming three armies, 1,240,000 reservists, local guard detachments numbering 2,800,000 men and civil defence detachments totalling 4,400,000. In addition to this, 1.5 million students and pupils, young men and women, are undergoing regular military training. This means that with a population of 38 million South Korea involves about 10 million directly or indirectly into military training.<sup>18</sup> As reported by the newspaper *Paese Sera*, South Korea's military expenditures amount to about \$3.7 billion, this equalling 6 per cent of the GNP and 35 per cent of the state budget. This is a heavy burden for a South Korean economy which is so deep in debt that foreign

<sup>16</sup> See Memorandum of the DPRK Foreign Ministry, *Nodon sinmun*, May 21, 1982.

<sup>17</sup> See *Krasnaya Zvezda*, June 11, 1982.

<sup>18</sup> *Paese Sera*, when citing these figures referred to a representative of South Koreans living in Japan and having reliable information at their disposal.

debts amount to 54 per cent of the GNP. Seoul annually pays more than \$3.5 billion in the form of interest on loans.

In addition to selling arms to the Seoul regime Washington at the same time opens up its training centres, military-technical schools and academies in the United States to Korean military personnel. After being trained by "experienced" American instructors the South Korean cadets and trainees are assigned to key positions in the command of the South Korean troops, or even in Seoul's government institutions and agencies where they display a martinet's eagerness to fulfil orders issued from Washington.

The United States is lavishly supplying its Seoul henchmen with arms which creates a dangerous seat of a potential military conflagration. It is natural that the peace-loving peoples are prompted by harsh logic to ask the following question: is there a limit to the process of piling up combustible materials in the Korean Peninsula which has lasted already many decades and what are the likely consequences of this in the long run?

Washington tries to present this extremely dangerous and provocative policy in Korea as an expression of "concern" for peace, for the security of South Korea as well as of Japan. Nobody, however, will be deluded by its sham "noble unselfishness". Washington needs South Korea not only as an object of exploitation and lucrative business, although this, naturally, makes American imperialism more interested in ensuring the stability of the pro-American regime in South Korea. Washington needs South Korea to a no lesser extent also as an important military bridgehead of strategic importance. For a long time already the Washington viewed the army and all kinds of military facilities of the South Korean regime as an appendage to its armed forces for the fulfilment both of regional and global tasks. Never missing an opportunity to make others fight their wars, the American imperialists had already used South Korean soldiers in their shameful aggressive war in Vietnam in the 1960s and now are arming the South Korean "warriors" in every way in the hope of using them to attain their own imperialist aims.

In the present US Administration's Korean policy one cannot but notice the striving to draw Seoul even more actively into the pursuance of its hegemonic foreign policy in the Far Eastern region. This finds its expression, for instance, in the efforts to increase the preparedness of the armed forces of the United States and South Korea for cooperation in conducting military operations involving the use of not only conventional weapons.

As it follows from pronouncements by high-placed Pentagon officials, the updating of "theatre of operations nuclear weapons" by the United States, that is, the deployment of medium-range nuclear missiles in various countries concerns not only Western Europe but also East Asia which, just like Western Europe, is being turned into a forward line of the so-called "limited nuclear war".<sup>19</sup> During his visit to Seoul the US Secretary of Defense Caspar Weinberger publicly stated the anti-Soviet purposes of deploying on the territory of Korea of the 40,000-man American corps which has at its disposal nuclear weapons (according to various estimates from 600 to 1,000 nuclear warheads) provided with various means of delivery. Also known are Washington's intentions to arm ships of the US 7th Fleet that call at South Korean bases with cruise missiles carrying nuclear warheads and to deploy neutron weapons in the south

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<sup>19</sup> See *Pravda*, April 9, 1981



of the peninsula.<sup>20</sup> The American "nuclear umbrella" that the Pentagon is forcing on South Korea under the pretext of defending it from a non-existent threat is only a clumsy attempt at camouflaging the aggressive plans of the Pentagon that wants to attain a "strategic advantage" and military superiority of the United States in the Far East so as to dictate its will to the countries of the region. The policy of building up the offensive potential, the practicing of operations in conditions of nuclear war in the course of large-scale military exercises are evidence of the openly aggressive nature of Washington's activities. As to the Seoul regime, it is obediently toeing Washington's line.

In accordance with the military doctrine of a "limited nuclear war" the Washington strategists hope to confine the nuclear conflict planned in them to some particular region, for instance the Korean Peninsula or the Japanese isles. It is clear that for the sake of their imperialist ambitions they are prepared to sacrifice the lives of millions of Koreans and also of Japanese in their desire to ward off retribution from the United States. By making Korean territory available for US military bases at which the Pentagon stores nuclear weapons the Seoul rulers play with the life of their people and make it the target of a retaliation strike should Washington start implementing its adventuristic plans. There is hardly any need to prove that Washington's provocative policy in Korea contradicts the interests of the Korean people, the cause of peace and stability in the Korean Peninsula.

. . .

The designs of the imperialists are courageously resisted by the Korean patriots who refuse to be a toy in the hands of adventurers. Such a situation has now taken shape when the imperialists have to manoeuvre and think about the ways and means, including of a propaganda and ideological nature, by which they can bolster their military-political positions even in such countries as South Korea where they have succeeded in securing a position of domination. It is this circumstance that pushes Washington to all sorts of acts of ideological and psychological subversion, compels it to work out and intensively disseminate the stereotypes of mentality that suit it.

One of the most devious stereotypes imposed on public opinion by American propagandists and political analysts is the thesis that a peaceful settlement and peaceful unification in Korea are unattainable for all practical purposes in the foreseeable future and that the situation existing in the Korean Peninsula is supposedly at an "impasse". In this connection I would like to recall the words of Leonid Brezhnev: "Impasses on international arena do not emerge by themselves. They are created artificially. This can be said about practically all conflict situations and unsettled problems. Imperialist self-interest, chauvinism and unwillingness to take into consideration the general situation in nuclear era are behind all of them."

"The political wisdom today consists in persistently and patiently making joint efforts to secure the solution of problems fraught with danger for universal peace."

The complexity of solving the problems of the Korean Peninsula is obvious and unquestionable. But this is so mostly because the US ruling circles refuse to relinquish their dream of "American leadership of the

<sup>20</sup> See *Izvestia*, July 2, 1982.

world", want to shape the destiny of other peoples and states and pursue a policy of violence and neocolonialism. It is the United States that is responsible for the existence of such a tense situation in the Korean Peninsula where it is conducting massive military preparations, stepping up the arms race, obstructing the solution of vitally important national problems of the Korean people and unceremoniously interfering in its internal affairs.

The USSR's stand on the Korean problem is fundamentally different. The Soviet Union strictly adheres to the policy of non-interference in the internal affairs of the Korean people, expresses solidarity with the struggle by the Korean patriots for the peaceful democratic unification of the homeland without outside interference, and expresses readiness to do everything to facilitate the creation of favourable conditions for the solution of the Korean problems by peaceful means in accordance with the recommendations of the United Nations Organisation.

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## DEVELOPMENT OF JAPANESE-PRC CREDIT, FINANCE TIES SINCE 1952 DISCUSSED

Moscow PROBLEMY DAL'NEGO VOSTOKA in Russian No 4, Oct-Dec 82 (signed to press 17 Nov 82) pp 188-194

[Article by Yu. P. Shipov: "Japan-PRC: Monetary Relations"]

[Text] The crediting of Japanese exports to China and the financing of trade and economic cooperation in general have always been central issues during all stages of the trade and economic relations between the two countries. The scales and nature of these relations have always been closely related to the overall context of Japan-PRC intergovernmental ties and have been distinguished by the common approach of Japan and other imperialist powers to the Chinese problem and by changes in Beijing policy on various groups of countries. The material content of monetary ties has also depended on the peculiarities of the economic development of each partner during each particular period.

Commercial transactions between Japan and the PRC have evolved under the influence of changes in the organizational structure of trade, in its commodity assortment and in the trade policy of each country with regard to the other.

During its first years, Japanese-Chinese trade mainly took the form of barter transactions which did not require large expenditures of currency. For example, even the first civilian trade agreement (June 1952) stipulated that transactions would be conducted on a barter basis with the prices set in English pounds sterling.

In 1955 the Chinese side suggested the establishment of direct ties between the central banks of the two countries. At the insistence of the Chinese delegation, this point was even included in the text of the third civilian agreement (May 1955), which stated that the central banks of Japan and the PRC would conclude a payment agreement. Later, when the fourth civilian agreement was being concluded in March 1958, the two sides agreed that direct contacts would be established between foreign exchange banks as soon as an intergovernmental agreement on payments had been signed.

In the absence of diplomatic relations, trade between Japan and China during the first years of the PRC's existence was conducted on the basis of individual contracts concluded by Chinese foreign trade associations and Japanese firms.

The first attempts to conclude a trade agreement which might give this trade a more organized nature were made in 1952. Three members of the Japanese parliament visited Beijing and signed the first Japanese-Chinese trade agreement with the Chinese Committee for the Development of International Trade. The two sides called the agreement "private" or "civilian" because it did not receive the support and approval of the Japanese Government.

In all, four such agreements were signed between 1952 and 1958.<sup>1</sup>

The absence of direct ties between Japanese and Chinese banks as a result of the unsettled intergovernmental relations between the two countries severely inhibited the development of reciprocal trade. Japanese firms had to ask banks in third countries for assistance in opening accounts in Chinese banks and enlist their mediating services in the collection of payments and the transfer of funds. All of this naturally required additional expenditures.

The Japanese Government's long-term ban on the use of government funds to finance Japanese-Chinese trade was also a sizeable obstacle in the development of exports to China. Even after other Western countries began to use various types of medium-range crediting, including government financing, when they shipped complete sets of equipment to the Chinese market, ruling circles in Japan did not want to employ credit from the state Export-Import Bank (EIB) in trade with China and thereby put their exporters in an unfavorable position. The Japanese Government's stand, which was contrary to the interests of the country's business circles, was motivated by extremely complex political relations within the Japan-U.S.-Taiwan triangle. The examination of credit and finance relations between Japan and the PRC requires at least a brief look at the early 1960's because the events of that time had a strong impact on the entire sphere of their economic relations.

In December 1962 a large synthetic fiber company, Kurashiki Rayon, was contracted to ship all of the equipment for a vinylon plant to China for a sum of around 30 million dollars. After a lengthy investigation of the matter, the Japanese Government authorized the financing of this transaction through the EIB in September 1963.<sup>2</sup> This was the first case of long-term state bank financing in the history of Japanese-Chinese relations and it evoked an extremely negative response from the United States and Taiwan. The American Government resolutely opposed the postponement of China's payment obligations, interpreting this as economic aid to this country. Under the pressure of the "invisible media" of the United States and the loud official protests of the Chiang Kai-shek regime, the Japanese Government had to stop using EIB credit in Japanese-Chinese trade. In particular, it did not approve two contracts which had already been signed on these terms--contracts for the delivery of a second vinylon plant by the Nichibo textile company (for a sum of around 30 million dollars) and a cargo ship by the Hitachi Zosen shipbuilding firm (3.7 million dollars). In spring 1965 both contracts were canceled by the Chinese side. Many other transactions in various stages of negotiation did not take place for the same reason.

It was not known until August 1965 that former Japanese Prime Minister Shigeru Yoshida sent a letter to the rulers of Taiwan in May 1964 to assure

the Chiang Kai-shek government on behalf of his own government that only private credit would be approved in transactions with China, and that EIB funds would not be used for this purpose at least until the end of 1964.<sup>3</sup> Although the so-called "Yoshida letter" was of a personal nature, the Japanese Government did not authorize any EIB credit to China in 1964 or in later years (right up to 1972). Tokyo's openly hostile position in relations with Beijing naturally evoked the expected reaction in China, which was reflected not only in statements in the Chinese press but also in specific measures to restrict the interests of Japanese firms engaged in Japanese-Chinese trade, particularly the imposition of more discriminatory terms on the presence of their representatives in China in comparison to West European businessmen.

It is known that the PRC was not only pursuing political goals, but also hoped to use transactions with large Japanese monopolies in order to acquire complete sets of equipment and other products of heavy industry which could not be obtained through "friendly" firms in large quantities and at acceptable prices. The actual ban on EIB credit for Japanese exports of equipment to the PRC made the Japanese firms less able to compete in the Chinese market in comparison to West European exporters.

After the Chinese side announced the cancellation of earlier contracts with the Nichibo and Hatachi Zosen companies, it looked as though the Chinese leadership would cut off trade with Japan again, just as it had in 1958 as a result of the well-known incident with the Chinese flag in Nagasaki. But although the Chinese side made one statement after another condemning the actions of the Japanese Government, the PRC adhered firmly to the line of the further development of trade.

It must be said that the Japanese Government continued to prohibit the state crediting of exports to China for a long time. Signs of a change in Tokyo policy were not seen clearly until the late 1960's and early 1970's. It was then that the well-known changes occurred in Western assessments of China's role in the system of international relations. The key aspect of this process was the decision of U.S. ruling circles to change their official policy toward the PRC, marked by the report of President Nixon's intention to visit China.

After an interval of 8 years, on 25 December 1972 the Japanese cabinet of ministers approved the requests, which had lying on desks in government offices, of five Japanese firms for the use of EIB credit in the export of complete sets of equipment to China. It should be borne in mind that this decision was made after the normalization of diplomatic relations between Japan and the PRC (29 September 1972).

The lifting of restrictions on EIB credit by the Japanese Government coincided with the latest active stage of Chinese purchases of equipment in the Western countries, or what was called "phase three" in the incorporation of foreign technology and can be dated to around 1972-1974. During this time, China imported around 170 sets of equipment for a total of 2.6 billion dollars.<sup>4</sup> Japan's share of the sum was considerable--around 790 million. What is more, the Japan EIB participated in crediting the export of much of this equipment on time payments. At the end of "phase three" of the incorporation of foreign



technology in China, the Japanese-Chinese trade in equipment declined sharply. The main reason was the sharp cuts in all Chinese purchases of foreign equipment due to the currency shortage. There is no doubt that the campaign against "capitalist roaders" in 1975 and 1976 had a negative effect on Chinese foreign economic ties.

In addition, purely economic factors played a part in the curtailment of Japanese-Chinese trade, especially the fairly rigid terms of Japanese credit in comparison to West European terms.

The problem of settling accounts in Japanese-Chinese trade became particularly acute after the conclusion of a long-term (up to 1990) trade agreement in February 1978. The agreement gave the Chinese side preferential credit terms. But when Minister of International Trade and Industry T. Komoto visited China in September 1978, he told the Chinese leaders the reasons why Japan would be unable to extend credit to China from the EIB fund on terms lower than the 7.25 percent per annum recorded in the credit agreement ("gentleman's agreement") with the Western countries. The Japanese Government's scrupulous observance of the provisions of the "gentleman's agreement," which appeared enigmatic from the standpoint of the interests of Japanese exporters, was due to the worries of other participants about "credit dumping" by Japanese firms in the Chinese market. These worries were reflected, in particular, in the U.S. Government's demands that Japan set more rigid terms than Italy and France on credit to China. When FRG Minister of Economics O. Lambsdorff went to Japan in August 1978, he also asked the Japanese Government to adhere to the "common Western line" in the extension of credit to China and to avoid creating excessive competition in the Chinese market that might give China unilateral advantages.<sup>5</sup>

Under these conditions, both sides began an intensive search for ways and means of solving the credit problems on which the future of the two countries' trade and economic ties would largely depend, particularly the fulfillment of the long-term agreement and the outlined joint projects in the working of natural resources. Japanese businessmen stirred up a genuine controversy over the shipments of many types of equipment and materials envisaged in the agreement to China. The overwhelming majority of contracts recorded the intention of Chinese organizations to pay for goods in cash or stipulated forms of payment close to cash.

Exporters from the Western countries, with whom China had signed equipment import contracts for several billions of dollars by the beginning of 1979, joined the Japanese in the race for Chinese orders. Transactions with Japan would amount to around 800 billion yen (close to 4 billion dollars) just during the period from November 1978 through January 1979.<sup>6</sup> The need to pay for these huge imports was the reason for China's decision to apply for several foreign loans.

By the end of 1978 Beijing had secured several bank loans in the West and could therefore use them in negotiations with Japan as a basis for the acquisition of Japanese credit on terms that were at least as advantageous as West European terms and, considering the Japanese business community's great interest in the Chinese market, on more preferential terms.

On the assumption that the Japanese Government would not be conciliatory enough in credit negotiations, the Chinese side resorted to more resolute measures. At the end of February 1979, eight large trade firms and the Shimittetsu, Hitachi and Ishikawajima-Harima Jukogyo manufacturing firms received short telegrams from Beijing, all saying the same thing: "In view of the unresolved problem of financial transactions between China and Japan, the Chinese Government has not approved contract No X concluded with your firm."<sup>7</sup>

It turned out that this unilateral "stop-order" extended to contracts for the delivery of various types of Japanese equipment worth a total of around 600 billion yen (3 billion dollars). One of the cancelled items was the complete set of equipment for the Shanghai (Baoshan) Metallurgical Combine, although the cornerstone of this enterprise, viewed by the sides as a "symbol of Japanese-Chinese economic cooperation," had already been laid in a ceremony with around 100 prominent Japanese businessmen attending the ceremony as the guests of honor.<sup>8</sup>

Disturbed by this turn of events, which broke the conventions of international business, Japanese business circles quickly began to discuss the situation and analyze the reasons for Beijing's resolute move. The reasons included political factors, changes in directions of economic development and other factors leading to the considerable revision of the 10-year plan for national economic development in the PRC and to the rejection of the plan in 1979.

But China's acute shortage of funds to carry out its original programs was still the deciding factor in the Chinese side's treatment of its Japanese partner.<sup>9</sup>

In any case, Japanese exporters were in an extremely precarious position. As soon as they had signed these contracts, the firms had naturally included them in their production programs, applied for bank credit to finance these programs and so forth. What is more, some of the equipment was ready to ship and was already in warehouses awaiting payment by the client. Beijing's announcement of a "freeze" on the contracts was a "surprise" to the business community.<sup>10</sup>

At that time, some Japanese firms received proposals from Beijing regarding the revision of contract terms, primarily with regard to payment in other forms than cash. Beijing also announced the postponement of many industrial projects which would depend on imports from Japan.

Under these conditions, the Japanese Government was pressured by the business community to search in earnest for a solution to the credit problem, which was one of the most urgent and complicated issues in the relations between the two countries.

President M. Takeuchi of the Japan EIB and Director Bu Ming of the Bank of China signed a general agreement in Tokyo on 15 May 1979 on the extension of 420 billion yen (around 2 billion dollars according to the current rate of exchange) in credit to the PRC. The loan would be secured by EIB funds. It would be used to finance oil and gas projects in China. The agreement set an

interest rate of 6.25 percent per annum--that is, a relatively low rate for that time and, in any case, a more preferential rate for the debtor than the one specified in the "gentleman's agreement" (7.5 percent). The repayment term ranged from 5 to 15 years depending on the specific project for which a specific sum was to be extended within the bounds of an overall limit. Therefore, the general agreement established the overall parameters of credit, but the specific sums and purposes of financing were decided during business negotiations.

At almost the same time (18 May 1979) and also in Tokyo, a large group of Japanese commercial banks reached an agreement with a delegation from the Bank of China on two loans totaling a billion dollars to finance Chinese purchases in Japan.

By around the middle of 1979 the total credit promised to China by the Western countries, including Japan, had reached the quite impressive figure of over 20 billion dollars, with government credit institutions accounting for around 18 billion and private loans accounting for around 3.5 billion.<sup>11</sup>

It is obvious, therefore, that China's active economic diplomacy led to the acquisition of several loans in the West, sufficient not only to cover current currency obligations but also to pay for imports of some large complete sets of equipment and to finance projects involving some types of natural resources. But the hope of acquiring this credit on super-preferential terms was not justified. With the exception of the Japan EIB credit, all Western credit advanced through government channels was extended on the rigid terms specified in the "gentleman's agreement" with socialist countries. Private credit was extended at extremely high rates, which were economically convenient and justifiable only under the conditions of the high mobility and turnover of borrowed funds. It did not seem possible for China to achieve this under the conditions of its national economic development at that time. China was unable to achieve the "golden mean" in credit relations with the West--the acquisition of preferential terms without making the Chinese economy dependent on the world capitalist economy. The imperialist powers wanted to link their "charitable" treatment of China with the more distinct hope of its inclusion in the system of international capitalist relations of mutual dependence.

Therefore, the obvious priority of Western political goals over profits in China led to the relatively monolithic credit policy of the Western powers in dealings with this country.

In June 1979 the second session of the Fifth NPC was held and the program of national economic development was revised considerably.

The main reason for the cuts in previous economic programs was the shortage of funds. This problem was still present when the abbreviated plans for "regulation" were adopted. The experience of recent years indicates that China apparently had no special problems in borrowing virtually any sum in the Western credit market. The cost of this credit was the issue. The use of expensive credit could have led to a situation in which China would have had to apply for new credit to cover old debts connected with imported equipment which was not

operating as yet and was not producing goods--that is, it could not cover production costs.

At the beginning of September 1979, China sent a delegation headed by Vice Premier Gu Mu of the PRC State Council to Japan. It was obvious that the central point in the delegation's program was the conclusion of an agreement with the Japanese Government on large sums of credit to be financed by the government Fund for Overseas Economic Cooperation. This institution finances projects in the developing countries, extending credit to them on intergovernmental agreements at a rate of 1.25-4.25 percent per annum and for periods of 20-30 years.

China asked Japan to lend it the huge sum of 5.5 billion dollars (around 1.2 trillion yen) for eight projects in the development of the economic infrastructure, including three for the construction of GES's with a total capacity of around 6 million kilowatts, three railway construction and modernization projects and two sea port remodeling and enlargement projects.<sup>12</sup> The amount of credit requested by Beijing was equivalent to the cost of the "aid" granted by Japan to all (!) developing countries in the preceding 3 or 4 years.<sup>13</sup>

It is surprising that the Japanese Government responded so quickly to the Chinese request, even though the problem was so complex from many standpoints and especially with a view to Japan's relations with developing countries, particularly the ASEAN members. The quick Japanese response was due to the presence of a Japanese-U.S. agreement on the extension of governmental credit to China that had been concluded earlier, when M. Ohira met with J. Carter in Washington in May 1979. According to Japanese Minister of Foreign Affairs S. Sonoda, "this Japanese-American agreement is based on global and Asian strategic considerations. The Western states must take a positive approach to the assistance of China in its modernization efforts for the purpose of including China in the capitalist economic orbit and excluding any possibility of Chinese-Soviet handshakes."<sup>14</sup>

It was the fear of these "handshakes" that dispelled the last doubts of the imperialist powers and motivated them to take more decisive action with regard to China, including economic support.

Before Prime Minister M. Ohira went to Beijing (December 1979), the Japanese Government formulated the basic provisions of the extension of credit to China in such a way that this credit was consistent, on the one hand, with the general line of the Western countries in relations with the PRC and, on the other, would not evoke harsh criticism from the Southeast Asian countries. The Japanese cabinet announced three principles of this "aid": 1) It would not be used by China to build up its military strength; 2) it would be balanced with Japanese "aid" to the five ASEAN countries; 3) the amount would be coordinated with credit and loans extended to China by the United States and the West European countries.<sup>15</sup>

Ohira arrived in Beijing on 5 December 1979 with the promise of official credit in yen for a total sum equivalent to 1.5 billion dollars. The first



installment in the sum of 50 billion yen (around 200 million dollars) would be extended in fiscal year 1979--that is, before the end of March 1980. The sums for 1980 and subsequent years would be agreed upon in bilateral negotiations, but they would not fall below 50 billion yen a year. The credit terms would be interest of 3 percent per annum and a repayment period of 30 years, including a preferential 10-year period.<sup>16</sup>

Therefore, as a result of the Japanese prime minister's visit to China, a fundamentally important Japanese action was officially recorded--the extension of credit to the PRC. Although the amount of Japanese credit promised for the first stage was perceptibly lower than the amount requested by China, it exceeded the overall limit for all five ASEAN countries.

The Japanese Government's relative restraint in setting the amounts of credit was due to several internal and external factors. Inside the country there were many people who opposed the extension of credit to China through the Fund for Overseas Economic Cooperation, which consisted primarily of state budget allocations. In other words, the credit would ultimately be financed by taxpayers. The allocation of huge sums from the budget for preferential financing for China at a time when internal finances were strained was naturally contrary to the national interest. Another aspect of the criticism concerned the Japanese Government's unequivocal reference to credit in forms which would exclude the possibility of its use by China for military purposes. It was no coincidence that the fear that "aid" to China would be tantamount to military cooperation with this country was even expressed by some members of the executive committee of the ruling LDP when it met just before Ohira's trip.<sup>17</sup>

The external factors, in addition to the negative reaction of the majority of developing states, included the fear of Japanese ruling circles that Japan might become too involved in relations with China. The extension of even moderate sums always involves a risk. For this reason, as the Japanese press noted, "forms of unsurable credit (assuring repayment--Yu. Sh.) must be found."<sup>18</sup>

Therefore, Tokyo's decision to extend credit to Beijing annually in relatively small installments rather than immediately in the full amount was an attempt to minimize the potential risk. It is possible that the tactic of the annual regulation of sums and terms of credit to China is more convenient for Japanese ruling circles because this will give them constant control over the situation, put Japan, as the donor, in a more advantageous position in negotiations with China and make the Chinese side more tractable in matters of domestic and foreign policy. If Tokyo should discover that Beijing is not loyal enough to Japan or is taking steps contrary to the interests of Japanese imperialism, it can cut off this "aid" at any time.

The latest round of Japanese-Chinese credit and finance talks took place in December 1981, when the two sides agreed on several loans totaling 300 billion yen, including a loan of 70 billion from a bank consortium, after extremely lengthy discussions. The concrete agreement on the last loan was signed by the sides (with 43 commercial banks participating on the Japanese side) on



4 January 1982. The total sum is equivalent to 318 million dollars.<sup>19</sup> It will be used to finance Chinese purchases of equipment and materials for the Baoshan Metallurgical Combine and the Daqing Petrochemical Combine.

Contemporary Japanese-Chinese credit and finance relations are the result of the significant and complex changes in all spheres of relations between the two countries and changes in the general line of the imperialist states in relations with China. The concrete terms and scales of Japanese credit have depended largely on China's willingness to provide Japanese capital with a favorable investment climate. Despite the great variety of factors and motives influencing the development of ties in this sphere of economic activity, the deciding factor is apparently the common, still well-coordinated position of the Western states, which has prevented Beijing from obtaining Western credit, including official "aid," without some kind of reciprocal concessions to imperialism.

If we disregard the political circumstances of the credit relations between the two countries and concentrate only on their purely economic aspect, we can see that the more extensive crediting of Japanese exports and joint projects in the working of Chinese natural resources were promoted by the expansion of opportunities for trade and economic exchange between Japan and the PRC. This was reflected primarily in the considerable growth of reciprocal trade in recent years. For example, in 1981 the volume of Japanese-Chinese trade reached 10.4 billion dollars, displaying an increase of around 10 percent over the 1980 figure. But credit and loans in themselves cannot guarantee a proportional increase in foreign exchange without the presence of as basic a factor as the normal functioning of national economic machinery. The program of regulation in China led to sharp cuts in Chinese orders for machines and equipment and in purchases of ferrous metals, which constitute the basis of Japanese exports to this country. The fairly high level of shipments of machinery and equipment in 1980 and 1981 was the result of Chinese orders placed in 1978 and 1979. Therefore, the deceleration, if not the absolute decrease, of rates of Japanese exports to the PRC can be anticipated in the next year or two, and this will naturally have a decelerating effect on all Japanese-Chinese trade. Another factor contributing to this is the controlled rate of Japanese imports of Chinese oil--China's chief means of payment (in 1981 it accounted for around 50 percent of all Chinese exports in this area).<sup>20</sup>

At the same time, Japanese credit will probably stimulate the development of Japan-PRC trade and economic contacts after 1985, when the projects for off-shore oil drilling in China and the mining of coal in several parts of China gradually get underway on the basis of commercial cooperation by the two countries, including their financing by the Japanese side.

#### FOOTNOTES

1. For more detail, see "Nitchu boeki handobukku" [Handbook of Japanese-Chinese Trade], Tokyo, 1971, p 60.
2. "Tozai boeki-no genjo to tenbo" [The Present and Future of East-West Trade], Tokyo, 1965, p 60.

3. MAINICHI, 18 September 1971.
4. CHINA NEWSLETTER, JETRO, June 1978, p 9.
5. JAPAN TIMES, 30 August 1978.
6. TOYO KEIZAI, 24 March 1979, p 56.
7. BUSINESS JAPAN, 1979, No 5, p 30.
8. Ibid., p 31.
9. DIAMOND, 17 March 1979, p 101; TOYO KEIZAI, 24 March 1979, p 55.
10. FAR EASTERN ECONOMIC REVIEW, 1 June 1979, p 46.
11. JAPAN ECONOMIC JOURNAL, 29 May 1979; ECONOMIST, 4 September 1979, p 8.
12. ASAHI EVENING NEWS, 1 September 1979.
13. NIHON KEIZAI, 8 September 1979.
14. DAILY YOMIURI, 26 August 1979.
15. JAPAN TIMES, 7 December 1979.
16. Ibid.
17. Ibid., 28 February 1979.
18. Ibid., 6 September 1979.
19. JAPAN PETROLEUM AND ENERGY WEEKLY, 22 February-1 March 1982, p 14.
20. The projections for 1982 in the long-term agreement (1978) envisaged the delivery of 15 million tons of oil to Japan, while the volume of contracts signed for that year stayed at the 1981 level (around 9 million tons).

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## VIETNAM'S COOPERATION WITHIN CEMA FRAMEWORK

Moscow FAR EASTERN AFFAIRS in English No 1, Jan-Mar 83 pp 168-179

[Article by M. P. Petrov]

Vietnam's trade, economic, scientific and technical cooperation with the Soviet Union and other CMEA member countries is extremely important for the rise and consolidation of the national economy of the Socialist Republic of Vietnam. Promotion of economic cooperation with socialist and other states is of special significance for the SRV which is implementing direct transition from small manufacture to large socialist production.

Stressing the importance of strengthening the SRV's economic ties with other socialist countries, of the division of labour, of cooperation and mutual aid in the spirit of socialist internationalism, the Vietnamese leaders believe that with the aid of international cooperation, preeminently with other socialist countries, it is necessary to acquire advanced technology, to work for more rational division of labour within the country and raise economic efficiency, promoting in every way the building of the material and technical base of socialism and gradually improving the life of the people.<sup>1</sup> Indeed, real socialism, it is noted in the SRV, shows an example of translating into life truly equal, mutually beneficial relations between states, since economic ties between countries of the socialist community allow them to score new and big successes in economic development and raising the people's well-being. At the same time Vietnamese leaders view Vietnam's cooperation with fraternal socialist countries as setting a good example for developing countries that decide to embark on the road of socialist development bypassing the stage of capitalism.<sup>2</sup>

The thesis on the further strengthening of economic cooperation between the SRV and fraternal countries has been legally substantiated by treaties signed in the second half of the 1970s between Vietnam and other countries of the socialist community. Article 2 of the Treaty of Friendship and Cooperation between the USSR and the SRV of November 4, 1978, runs: "The high contracting parties will pool efforts for strengthening and expanding mutually beneficial economic, scientific and technical cooperation with the aim of speeding up socialist and communist construction, steadily raising the material and cultural standards of life of the peoples of the two countries. The parties will continue long-term coordination of their national-economic plans, will agree long-term measures towards developing the crucial sectors of the economy, science and technology, will exchange knowledge and experience accumulated in socialist and communist construction."

<sup>1</sup> *4th Congress of the Communist Party of Vietnam*, Moscow, 1977, p. 43 (in Russian).

<sup>2</sup> See *Vietnam News*, 1979, No. 6, p. 15 (in Russian).

Leonid Brezhnev specially indicated that the Soviet-Vietnamese treaty is "primarily called upon to serve the interests of the peaceful creative labour of our peoples, the interests of socialist and communist construction in our countries. This is the main thing."<sup>3</sup>

The SRV's trade and economic ties with the USSR and other fraternal CMEA member countries are of tremendous significance for strengthening Vietnam's economy, the development of which is taking place under specific conditions: the country has sustained tremendous damage from many years of imperialist aggression and from armed invasion by expansionists in the spring of 1979. It must also be taken into account that since the liberation of the south of the country the two parts of Vietnam for long had different socio-economic structures. Vietnamese leaders noted in their speeches that the national economy of the SRV severely dislocated by the war, by hostile policy and blockade, is still facing great difficulties and disproportions.<sup>4</sup>

The practice of laying the foundation of a socialist economy in Vietnam demonstrates that the establishment and development of diverse ties with the Soviet Union and other socialist countries is a factor allowing the SRV, as it builds the material and technical base of socialism, to utilise the advantages of the socialist mode of production and the achievements of the current scientific and technical revolution. The example of Vietnam demonstrates that a formerly economically backward, dependent country, by embarking on the road of socialism and creatively applying the general principles and regularities of socialist construction with account of its specific historical conditions, and leaning on the collective experience of other socialist countries and on cooperation with them, may make substantial advances in social and economic development. Special significance is attached in the SRV to the deep study and creative utilisation, with account of Vietnam's specific features, of the experience of the Soviet Union and other fraternal countries in socialist construction.

Economic cooperation of the SRV with CMEA member countries is aimed both at tackling tasks of industrial development and creating material conditions for the gradual raising of the SRV population's living standards. This is testified to by the practice of economic cooperation during the SRV's second Five-Year-Plan period (1976-1980) and at the present stage. The scope of this cooperation is steadily expanding while its forms are becoming more varied.

A striking example is Soviet-Vietnamese economic cooperation which today involves most of the crucial branches of the national economy of the SRV: power engineering, coal extraction, chemistry, engineering, the building materials industry, geological prospecting (exploration for oil, gas and other minerals), fishing and agriculture.

Enterprises built in Vietnam with Soviet assistance account for 25 per cent of the electricity generated in the country, 89 per cent of extracted coal, 100 per cent of the output of tin, sulfuric acid, apatites, superphosphate, 61 per cent of metal-cutting machines.<sup>5</sup>

Between 1976 and 1980 the Soviet Union gave Vietnam technical and economic assistance in the designing and construction of 94 important economic projects.<sup>6</sup>

<sup>3</sup> L. I. Brezhnev, *Following Lenin's Course*, Vol. 7, Moscow, 1979, p. 502 (in Russian).

<sup>4</sup> See Y. N. Pivovarov, M. P. Isayev, *National Economic Development of the Socialist Republic of Vietnam*, Moscow, 1980, p. 169 (in Russian).

<sup>5</sup> See *Izvestia*, Nov. 1, 1979.

<sup>6</sup> See Y. N. Pivovarov, M. P. Isayev, *Op. cit.*, p. 163.

The projects being built with Soviet aid include such large ones as the Hoa Binh 2 million kWt hydraulic power plant on the Da River (Black River), the 640 thousand kWt Phalai thermal power station, the Cao Son coal quarry for the annual output of 2 million tons of coal, the Tintue tin mine, an oil storage, a diesel engine plant at Godam, house-building combines in Hanoi, Haiphong and Xuanmai, and the Bimson cement plants with an annual output of 1.2 million tons.

The Soviet Union is giving assistance in developing the Quangninh coal basin, the largest in the SRV. The basin's three biggest quarries Hatu, Cocsau, and Deonai, built with Soviet technical assistance, are already producing coal. About to be commissioned is the new and rich Cao Son quarry, regarded as a model one, both for the rate of construction and for the level of utilising up-to-date machinery.

Vietnam plans to build with Soviet assistance a tractor plant with an output of 20 thousand tractors a year, a plant of forging and pressing equipment to produce 20 thousand tons of castings and 12 thousand forgings a year, a plant to produce automobile and tractor spares, a metallurgical combine with the capacity of 1.5 million tons of steel. Preparations are under way to build a nitrogenous fertiliser factory, the construction continues of the Lamthao superphosphate factory with an annual capacity of 300 thousand tons.<sup>7</sup>

In the course of Soviet-Vietnamese economic cooperation much attention is given to the creation of a material base for raising the Vietnamese people's living standards. This is testified to by the construction of a very large house-building combine, enterprises of the light and food industries, including a number of tea factories, and agricultural projects.

The coordination of the national economic plans for 1981-1985 revealed additional capacities for expanding economic ties between the two countries. An example of this are signed on July 3, 1980 Soviet-Vietnamese agreements on cooperation in conducting geological exploration and extraction of oil and gas on the continental shelf south of the SRV.<sup>8</sup>

Soviet-Vietnamese cooperation in the agricultural field is assuming ever new forms. The development of the biggest specialised region in the SRV for the output of natural rubber has begun with Soviet assistance on a 50 thousand hectare area in the South Vietnamese province of Songbe. As a result the next few years will see the production of the first tons of latex, a valuable commercial raw material and an important item of Vietnamese exports.

The Soviet Union helps in increasing the mechanisation of Vietnam's agriculture. Soviet-made tractors and other farming implements are successfully operating on the fields of the country.

Of great importance for tackling economic tasks facing the country is Soviet-Vietnamese cooperation in training Vietnamese specialists. Towards the end of the Second Five-Year Plan 62 thousand Vietnamese specialists and highly skilled workers were trained with the assistance of the USSR; eleven thousand of them were trained at the enterprises and educational establishments of the Soviet Union.<sup>9</sup>

Successfully developing are Soviet-Vietnamese trade relations. Thus, during 25 years of cooperation (from 1955 to 1980) the foreign trade turnover between the two countries has grown 146 times over. During the SRV's Second Five-Year-Plan period alone (1976-1980) it tripled. During

<sup>7</sup> See *Ekonomicheskaya gazeta*, 1980, No. 29, p. 19.

<sup>8</sup> See *Pravda*, July 4, 1980.

<sup>9</sup> See *Tuyen truyen*, 1979, No. 11, p. 4.



this period the USSR accounted for 85 per cent of the foreign-trade turnover.<sup>10</sup> It supplied the SRV with increasing quantities of machinery and equipment, spares, oil products, rolled ferrous metal stock, cement, cotton, foodstuffs.

The journal *Tap chi Cong san* of the Central Committee of the Communist Party of Vietnam noted: "The Soviet Union continues to supply a very important part of our needs in fuel, raw and other materials, various kinds of equipment and basic consumer goods in this way helping Vietnam to overcome the numerous difficulties of the first postwar years."<sup>11</sup>

Owing to a whole number of reasons, such as grave economic heritage, aggressions, outside interference, the Vietnamese economy is unable to ensure such an output of export commodities as to fully compensate for the imports from the USSR. For example, in 1978 Vietnamese exports covered the deliveries from the USSR nearly by half. In this situation the USSR granted Vietnam easy credits for covering the imbalance in trade between the two countries, which allowed it to allocate more assets for the sphere of accumulation and building up its socialist economy.

In the current Five-Year period (1981-1985) it is planned to jointly build in the SRV 40 new projects of great economic significance and to continue the construction of projects started in 1976-1980. Work is under way to extract oil and gas on the South Vietnamese shelf. A considerable increase of Vietnamese goods deliveries to the USSR is envisaged, in particular, of fresh and canned vegetables and fruits to the areas of the Soviet Far East.<sup>12</sup>

A number of important Soviet-Vietnamese documents were signed in 1981, providing a powerful impulse to the development of technico-economic cooperation between the two countries in the current five-year period.

In April 1981, an agreement and protocol were signed on Soviet-Vietnamese cooperation in the sphere of labour under which the Soviet side received thousands of Vietnamese workers for working in the industrial enterprises of the Soviet Union.

On June 19, 1981, an agreement was signed to create a joint Soviet-Vietnamese enterprise for the exploration and exploitation of oil and gas on the continental shelf in the south of Vietnam. This opens opportunities for creating a Vietnamese oil and gas industry, the growth of which will play a specially big role in the socialist industrialisation of the SRV.

Signed in Moscow in July 1981 was a Protocol on the results of coordinating the state plans of the USSR and the SRV for 1981-1985. The planning bodies of the Soviet Union and Vietnam agreed on basic trends of economic cooperation by the two countries during these years, and in some fields of the economy for longer periods. Attention was chiefly concentrated on questions associated with Soviet technical assistance in developing the fuel and energy branches of Vietnam's industry and transport, ensuring the growth of reciprocal goods turnover by increasing deliveries of machines and equipments of a number of raw material commodities from the USSR, of some kinds of forestry and agricultural products and also of the light industry from the SRV.

It was agreed that during the current Five-Year-Plan period the planning bodies of the USSR and the SRV will continue to deepen and improve cooperation in the sphere of planning.

<sup>10</sup> See *Nhan Dan*, July 12, 1980; *Ekonomicheskaya gazeta*, 1980, No. 29, p. 19; *Soviet Foreign Trade*, 1979, No. 11, p. 3 (in Russian).

<sup>11</sup> *Tap chi Cong san* 1979, No. 6, pp. 33-34.

<sup>12</sup> See *Pravda*, Sept. 8, 1981.

On July 24, 1981, intergovernmental talks concluded in Moscow with the signing of an agreement by the governments of the USSR and the SRV on economic and technical cooperation for 1981-1985. An important event in the cooperation of the two countries was the signing on July 30, 1981 of a Soviet-Vietnamese Goods Turnover and Payments Agreement for the same period; it envisages an increase of mutual deliveries by nearly 90 per cent compared with 1976-1980.

In November 1981, a Soviet-Vietnamese agreement was signed in Moscow on deliveries of commodities from the USSR to the SRV for 1981-1982. The Vietnamese side appreciated the understanding of Vietnam's difficulties by the Soviet Union and other socialist countries, which granted it preferential terms in the field of capital investments, prices, etc. They increased deliveries of prime necessities which the SRV formerly had to import from non-socialist countries. The Vietnamese side strives to expand production, increase exports, and duly observe all agreements on economic cooperation with the USSR and other CMEA member countries.<sup>13</sup>

The new stage in the development of economic, scientific and technical cooperation between the USSR and the SRV requires of the Vietnamese working people still greater efforts for successfully translating into life the joint programmes and plans and fulfilling the commitments of the Vietnamese side under the signed agreements. The working people of the SRV must see to it that Soviet assistance and cooperation with the Soviet Union are used effectively, must strictly and meticulously fulfil the agreements signed with the USSR. In this way, say the mass information media of the SRV, the Vietnamese people will be able to make a weighty contribution to the strengthening and development of Vietnamese-Soviet friendship, to the consolidation of the socialist community as a whole.<sup>14</sup>

At present the Soviet Union is the SRV's chief trade partner. It accounts for nearly 60 per cent of Vietnam's foreign-trade turnover. Thus, the Soviet Union supplies up to 100 per cent of the imports of oil products and cotton, more than 90 per cent of food imports, a considerable part of the imports of rolled stock, chemical fertilizers, engineering products and other commodities greatly needed by the national economy of the SRV.

Vietnamese economists underline the high effectiveness of the aid coming from the USSR and other socialist countries. Thus, in 1981, the workers of the mining industry and power generation industry scored considerable successes; these are industries for the development of which Vietnam is cooperating with the Soviet Union and other CMEA member countries particularly vigorously. In 1981, the output of electricity, for example, increased by 4.4 per cent over the 1980 level, of coal by 11.7 per cent and tin by 2.7 per cent. It is noteworthy that in 1981 the SRV took in from the fields a record harvest of food crops.

In March 1982, the SRV Council of Ministers passed a decision on the construction of Vietnam's key industrial projects. This measure is aimed at concentrating resources for the speediest commissioning of the most important projects crucial for the rise of Vietnam's economy and for avoiding the scattering of material assets and manpower resources. The Council of Ministers authorised a list of 42 priority projects.<sup>15</sup> At the top of the list are large construction projects of Vietnamese-Soviet cooperation. The very list of the key projects bears testimony to the important role of Soviet technical and economic assistance in laying the foundations of Vietnam's

<sup>13</sup> See *Vietnam News Agency Bulletin*, July 5, 1981.

<sup>14</sup> *Nhan Dan*, Sept. 3, 1981.

<sup>15</sup> See *Nhan Dan*, March 11, 1982.

socialist industry. The concentration of efforts on the key projects already yields tangible results. Work has been speeded up at the Hoabinh hydraulic project, the Phalai thermal power station, the Bimson cement factory, the superphosphate factory at Lamthao, at the Songkong diesel engine works, the building of the Thanglong bridge over the Red River, of the shore base for the joint enterprise to prospect and extract oil and gas from the off-shore fields on Vietnam's continental shelf and other projects being built with Soviet assistance.

Addressing the 5th Congress of the Communist Party of Vietnam in March 1982, M. S. Gorbachov, Member of the Politbureau of the CC CPSU and Secretary of the CPSU Central Committee, who led a delegation from the Communist Party of the Soviet Union, noted that Soviet and Vietnamese party and economic bodies had carried out a tremendous job to advance economic cooperation with a realistic account of the potentials of the USSR and the SRV. This will help the Vietnamese people to develop the natural resources of their country much faster and more effectively, thriftily utilising the impressive production potential already created.<sup>16</sup>

Soviet-Vietnamese scientific cooperation is also developing successfully in the current Five-Year-Plan period. The Vietnamese friends have noted their desire to go on improving and further developing scientific ties with Soviet scientists. A decision of the Politbureau of the CPV Central Committee on Measures to Develop Science and Technology, adopted in April 1981, specially underlines the need to expand allround cooperation with the USSR and other CMEA member countries.<sup>17</sup>

November 1981 marked the 30th anniversary of Soviet-Vietnamese cooperation in the training of specialists with a higher education. It is indicative that, whereas in 1951, when the first group of Vietnamese students arrived in the USSR, they numbered only 21, in the 1981/82 academic year the Soviet institutions of higher learning enrolled for study 1027 Vietnamese. In these 30 years of cooperation Soviet institutions of higher learning graduated some ten thousand Vietnamese specialists.<sup>18</sup>

The period since the reunification of Vietnam in 1976 saw vigorous development of the country's trade and economic ties with other countries of the socialist community. Putting cooperation among them on a long-term basis provided favourable conditions for better, long-term planning, as well as for taking into account current needs. This qualitatively new stage in the fraternal relations plays an important role in socialist construction in Vietnam and, particularly, in the development of industries which help to increase its export potential.

Thus, the GDR helps Vietnam in developing its ferrous metallurgy, in building enterprises to repair equipment and domestic appliances. Specialists from the GDR provided assistance in the construction of a steel rolling shop at Thainguyn, a sheet rolling plant at Giasang, and a house-building combine. Under plans drawn jointly by specialists of the GDR and the SRV, 42 workshops are to be established for the repairs of machinery, processing wood, making study aids and clothing. GDR specialists worked on the restoration and reconstruction of the town of Vinh, centre of the Nghetinh province, which was practically razed to the ground during the US imperialist aggression. The reconstruction of the newspaper *Vhan Dan* printworks was completed with the technical assistance of the GDR.

<sup>16</sup> See *Pravda*, March 28, 1982.

<sup>17</sup> See *Nhan Dan*, April 20, 1981.

<sup>18</sup> See *Hanoi moi*, Sept. 21, 1982.

Czechoslovakia assists the SRV in building projects for the power generating, engineering and light industries. Built with Czechoslovak assistance were a footwear factory in Haiphong, a woodworking combine and sawmills at Vinh and Thanhhoa; under construction near Hanoi is a ballbearing plant, a thermal power station, enterprises for the engineering and light industry and other projects.

The Hungarian People's Republic is contributing to the construction of enterprises to produce electrical engineering articles, tools, refrigeration equipment, furniture, medicines, and is helping in geological prospecting. Hungarian specialists are assisting in the construction of a bread factory, a refrigerator, a furniture factory, in building technical vocational schools, in elaborating designs for the development of the city of Hongai, the centre of the Quangninh coal basin.

During the Second Five-Year-Plan period the People's Republic of Poland helped the SRV in developing its coal mining industry and transport. Polish specialists gave assistance in the restoration and reconstruction of enterprises to repair railway rolling stock at Gialam, in the construction of a shipyard at Baychai, a plant of construction reinforcement at Hanoi, a sugar-refinery at Vandien, etc.

The People's Republic of Bulgaria assists Vietnam in the extraction and dressing of copper ore, in the building of power generating projects and also in organising the manufacture of hoisting and transporting equipment, refrigerator installations, electric motors.

Cuba is working to establish sugar cane plantations, to develop meat and dairy farming; Cuban architects have drawn up a project for the restoration of the city of Donghoi.

Successfully developing are the SRV's trade and economic ties with the Mongolian People's Republic. The Socialist Republic of Romania is giving Vietnam technical assistance.

An important role in the implementation of the SRV's trade and economic cooperation with the fraternal countries is played by intergovernmental commissions on economic cooperation. The commissions have sub-commissions for scientific and technical cooperation, transport, etc., which check up on collaboration in these or other fields.

Cooperation by planning bodies in the framework of the existing bilateral intergovernmental economic commissions is a qualitatively new element in the economic cooperation of the SRV with CMEA member countries at the present stage. Such cooperation has been going on since 1974 between the planning bodies of the SRV and other CMEA member countries, the USSR included. It helps in making the economic aid given the SRV more rational, and the economic structure of the republic more optimal, with account of the international socialist division of labour, which in turn creates conditions for the steady growth of reciprocal goods turnover.

The new stage in Vietnam's economic development requires vigorous utilisation of the advantages of its economic, scientific and technical cooperation, preeminently with socialist countries, determines the need to improve the already existing forms of economic interaction of the SRV with the world socialist economy. In its foreign economic ties with other socialist countries Vietnam is gradually going over from the traditional channels of foreign trade to production cooperation. Such cooperation, which has been developing to a certain extent in recent years, involves, for example, the processing of delivered raw materials.

Le Duan has repeatedly stressed the importance for Vietnam of its active participation in the international division of labour, in cooperation

with other socialist countries in the establishment of joint enterprises, in cooperative production, exchange of produce, the manufacture of commodities out of the customer's materials.<sup>19</sup>

Vietnam is an active participant in the Council for Mutual Economic Assistance. The multifaceted activities of the CMEA are highly appreciated in the SRV. As the Vietnamese press notes, the Council has now "turned into a powerful economic organisation, with a membership of ten countries situated on three continents: in Europe, Asia and America, and a number of observer states."<sup>20</sup>

Vietnam has repeatedly enjoyed technical and economic aid from fraternal countries on a multilateral basis. CMEA member countries rendered collective assistance in the restoration and commissioning in December 1976 of an exceptionally important economic project—the Unity Railroad linking Hanoi and Ho Chi Minh City. The Soviet Union supplied for the project 300 km of rails, 5 thousand tons of chemicals for impregnating sleepers, thousands of tons of metal structures for the building of bridges; Hungary sent 700 tons of equipment, Bulgaria supplied concrete mixers, the German Democratic Republic provided pneumatic presses and track-mounted cranes, Poland—rails and diesel generators.

On the drawing boards of CMEA countries at present are other projects for assisting Vietnam in economic construction and tackling the difficult economic and social tasks facing the SRV on a multilateral basis.

The 74th Session of the CMEA Executive Committee set up a Working Group for Assisting Vietnam. One of the themes now studied in many CMEA countries is the problem of helping Vietnam mechanise its agriculture.

In 1977 the SRV became a member of the International Investment Bank and the International Bank for Economic Cooperation.

An important step towards expanding Vietnam's cooperation with other socialist countries on a multilateral basis was the admission of the SRV to membership of the Council for Mutual Economic Assistance at its 32nd Session in June 1978.

Writing highly of the CMEA Session decision to grant the SRV membership in the organisation, the Vietnamese public noted that Vietnam is a socialist country with rich natural and labour resources, and a considerable economic potential. The admission of the SRV to CMEA membership created more favourable conditions for developing the country's potentials, speeding up socialist industrialisation, for advancing towards large-scale socialist production.<sup>21</sup>

This decision was a truly historic event in the life of the Vietnamese people. It signaled a new stage in the development of economic cooperation and relations of mutual assistance between the SRV and other CMEA member countries. Membership in the Council opened to Vietnam new prospects for economic development. At the same time the SRV was given an opportunity to make its own contribution commensurate with its potential to the economic development of the socialist community as a whole.

At the 87th Session of the CMEA Executive, held in Ulan Bator between September 27 and October 1, 1978, agreement was reached on the spheres of cooperation in which Vietnam might participate, and specific areas of such participation in the work of CMEA bodies were noted. According to Vietnamese economists, Vietnam will be able to cooperate

<sup>19</sup> See *Kommunist*, 1980, No. 4, p. 94.

<sup>20</sup> *Vietnam News*, 1979, No. 6, p. 12 (in Russian).

<sup>21</sup> See *Nhan Dan*, July 2, 1978.



in numerous spheres, and with account of its natural conditions, to eventually increase deliveries to fraternal countries of valuable wood species, foodstuffs and technical crops, such as coffee, tea, natural rubber, citrus fruit, pineapples and bananas. Vietnam has ample mineral deposits (copper, tin, apatites, bauxites, coal and oil) and considerable manpower resources. All this creates realistic prerequisites for long-term and multi-lateral collaboration based on specialisation and cooperation.

During the same Session, the CMEA countries decided to render the SRV assistance in building projects earlier started with Chinese aid, specifically the Thanglong bridge over the Red River. Examined during the Session were questions pertaining to the economic development of the SRV in 1981 to 1985.<sup>22</sup>

In January 1979 the Commission for Scientific and Technical Cooperation Among CMEA Member Countries passed a resolution on granting aid to and cooperation with the SRV. The 89th Session of the CMEA Executive (March 27-29, 1979) decided to help Vietnam in restoring the economic facilities destroyed in the borderline provinces in February 1979. This CMEA decision was met by the people of Vietnam with gratitude.

An SRV delegation led by Prime Minister Pham Van Dong attended the Jubilee 33rd CMEA Session held in June 1979 in Moscow. Addressing the Session Vietnamese delegates underlined that the SRV's entry into CMEA increased opportunities for improving the SRV's economic ties with fraternal countries, created conditions for coping with difficulties, for speeding up the building of socialism. They spoke of the SRV's ability to produce and deliver to socialist countries coffee, pineapples, natural rubber and a number of other valuable technical crops, timber materials, and to increase coal extraction and the output of the mining industry and of building materials. The Vietnamese side welcomed the initiatives directed at further expanding aid to Vietnam. Vietnam, for its part, pledged to bend every effort for the fullest possible and effective utilisation of this aid.<sup>23</sup>

The 33rd CMEA Session took a decision to extend to the SRV the fundamental theses of the Comprehensive Programme of Socialist Economic Integration and decided on special measures to speed up the development of the Republic's economy so as to facilitate the efforts of the heroic Vietnamese people in socialist construction. This step is aimed at coordinating the efforts of CMEA member countries to implement a whole range of practical measures towards speeding up the process of bringing closer together and equalising the levels of economic development of Vietnam and other socialist countries.

In recent years Vietnam has considerably expanded and deepened trade and economic ties with the USSR and other socialist countries, which account for more than 2/3 of the SRV's goods turnover. During the SRV's second Five-Year-Plan period (1976-1980) the CMEA countries supplied 95 per cent of Vietnamese imports of metal structures, 90 per cent of oil products, more than 80 per cent of foodstuffs, 95 per cent of cotton and yarn. Seventy per cent of Vietnamese exports went to CMEA member countries.<sup>24</sup> Receiving from the socialist countries up-to-date equipment and machines, essential raw and other materials and industrial goods, Vietnam puts on the world socialist market the produce of its agriculture, including valuable tropical crops, goods of its light and food industries,

<sup>22</sup> See *Vietnam News*, 1979, No. 6, p. 15 (in Russian).

<sup>23</sup> See *Pravda*, June 28, 1979.

<sup>24</sup> See *Vnan Dan*, June 27, 1981.

the produce of its mining industry. Scores of important economic projects are under construction in the SRV with the technical assistance of the German Democratic Republic, the Polish People's Republic, the Czechoslovak Socialist Republic, the Hungarian People's Republic, the People's Republic of Bulgaria, Cuba and other countries of the socialist community.

The SRV's participation in the activities of the Council for Mutual Economic Assistance receives special attention in the current Five-Year-Plan period. In his report to the 5th Congress of the CPV Le Duan pointed out that the SRV's cooperation with other states of the socialist community made a qualitatively new step after the SRV became an official member of the Council for Mutual Economic Assistance. Vietnam received powerful support and many-sided aid from the other socialist countries. Under treaties of friendship and cooperation and other agreements signed by the SRV with fraternal states, such cooperation, Le Duan stressed, spread to the political, economic, cultural, scientific and technical fields, producing inspiring results.<sup>25</sup>

Indeed, at present there is practically no field of economy, science and culture, in which the USSR and other countries of the socialist community were not giving aid to Vietnam. The diverse aid of the fraternal countries, particularly CMEA member countries, is making a big contribution to the development of modern industries, to the technical reequipping of agriculture, to providing the prime vital needs of the Vietnamese population. This aid and mutual cooperation constitute a reliable guarantee that Vietnam will be victorious on the economic front as well, a factor in the SRV's advance along the road of socialist construction.

An effective form of the SRV's economic cooperation with other socialist countries, preeminently with CMEA members, is scientific and technical cooperation, including exchange of scientific and technical documentation, mutual commissioning of specialists for familiarisation with production, scientific and technical achievements, the training of national personnel, cooperation between research and designing organisations.

Soviet-Vietnamese scientific and technical cooperation reached its highest point when pilot-cosmonauts of the Soviet Union and Vietnam were launched in a joint space mission. In 1979 the SRV became the tenth member of the Intercosmos Programme. On July 23, 1980, the Soviet Union launched the Soyuz-37 spaceship manned by an international crew—the Soviet cosmonaut V. Gorbalko and the Vietnamese cosmonaut Pham Tuan. During the flight the Vietnamese cosmonaut took part in the implementation of numerous scientific assignments from research in the field of space medicine and biology, space physics and technology to visual observations and photographing for studying the natural resources of Vietnam.

This cooperation keeps expanding and its quality improving: the Soviet Union assisted the SRV in building a space communication ground station of the Intersputnik type, which was commissioned in July 1980 and handed over to Vietnam as a gift. The Lotus station allows to exchange TV programmes between the SRV and other Intersputnik member countries, and also maintains telephone communication between them via an artificial earth satellite.

An SRV delegation attended the 98th Session of the CMEA Executive held in January 1981 in Moscow. During the Session a general agreement was signed on multilateral cooperation of the interested CMEA member

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<sup>25</sup> See *Vietnam Daily*, March 28, 1980.

countries in promoting the rapid development of science and technology in the SRV for the period up to the year 1990.<sup>26</sup>

The 99th Session of the CMEA Executive, held in Moscow in May 1981, endorsed special measures, including measures in the field of science and technology, aimed at accelerating the development and raising the effectiveness of the SRV's economy. CMEA member countries will give Vietnam economic, scientific and technical assistance in such important areas as agriculture, geology, transport, power generation, medicine, in the equipment of institutes and research centres, in training and raising the skills of scientific and technical personnel.<sup>27</sup>

Commenting on the results of this Session, Vietnamese representatives indicated that the special measures aimed at helping the SRV to effectively develop its economy constitute an important step towards rapidly overcoming Vietnam's difficulties, and eventually to the development of socialist construction in the SRV. The special measures elaborated by the 99th Session of the CMEA Executive, further specified the decisions adopted at the 33rd CMEA Session in 1979 on the implementation of the comprehensive economic development programme and on measures to promote Vietnam's economy. Here was still another manifestation of fraternal cooperation in the spirit of internationalism and disinterestedness.<sup>28</sup>

The Vietnamese clearly see that participation in the international division of labour based on principles of comradely aid and mutual benefit, gives the SRV new favourable opportunities for rapidly raising the country's development to the level of the other fraternal countries. During the realisation of bilateral and multilateral programmes, CMEA member countries carry out measures to develop such important branches of Vietnam's economy as agriculture, the food industry, geology, the coal-extracting industry, transport. According to the SRV press, the working people of Vietnam will do their utmost to fulfil the signed agreements, will increase production, will thriftily spend materials for the sake of raising the effectiveness of international cooperation by the fraternal countries of the socialist community.<sup>29</sup>

It is noteworthy that the fraternal countries, the Soviet Union among them, are helping Vietnam to develop its fuel and power-generating industry, and are concentrating efforts on the exploration and extraction of oil and gas on the continental shelf; the purpose is to provide Vietnam with its own oil in the near future. Efforts are also being made to help Vietnam increase its agricultural production, particularly the output of foodstuffs, to expand exports, to build enterprises manufacturing export commodities, to develop the infrastructure, to train scientific and technical personnel and high-skilled workers. In the framework of CMEA's multilateral cooperation its members are helping Vietnam to speed up the prospecting for minerals, to develop science and technology.

In the years to come tens of thousands of young Vietnamese will be sent to the institutions of higher learning, vocational and technical schools in the USSR and other fraternal countries. They will return home high-skilled specialists, prepared to contribute to socialist construction and national defence.<sup>30</sup>

In his report to the 5th Congress of the Communist Party of Vietnam, Le Duan noted that the strategic principles and main directions of the

<sup>26</sup> See *Pravda*, Jan. 17, 1981.

<sup>27</sup> *Ibid.*, May 16, 1981.

<sup>28</sup> *Nhan Dan*, May 27, 1981.

<sup>29</sup> *Ibidem*.

<sup>30</sup> See *Vietnam News Agency Bulletin*, June 5, 1981.

SRV's foreign economic policy envisaged the expansion and strengthening of allround cooperation with the USSR and other CMEA countries on the basis of socialist economic integration, active participation in the international division of labour, specialisation and production cooperation in the relevant spheres, the expansion of relations of allround cooperation and mutual aid with Laos and Kampuchea for developing the economic potential of each of these three countries. Here special attention should be given to economic effectiveness, the proper utilisation of credits and the aid of the Soviet Union and other fraternal countries; it is necessary, he said, to strive for fulfilling one's commitments, for international trust, to resolutely eradicate parasitic tendencies to live on foreign aid.

The materials of the 5th Congress of the CPV indicate that in the forthcoming period Vietnam, together with other fraternal socialist countries, will keep bending efforts at the successful realisation of cooperation under bilateral treaties and agreements, elaborating and perfecting them in the process of coordinating plans between CMEA member countries.<sup>31</sup>

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*S. Chavinda*, March 28, 1982

## MULTINATIONAL COMPANIES OF FAR EAST 'DEVELOPING TERRITORIES'

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[Article by A. V. Bereznoy]

**T**he emergence of Hong Kong, Taiwanese and South Korean companies in today's multinational business and their becoming exporters of capital marked an important event in the region's economic life. These companies are increasingly to be reckoned with in international economic relations.

The relatively rapid industrial growth in Hong Kong, in Taiwan, and in South Korea has already reached a level where developing local big business has found national boundaries too narrow and has joined the international division of the spheres of profitable use of capital in a bid to gain a place under the sun in the conditions of fierce competition on world markets. As a matter of fact, even the fragmentary data available (there are no regular statistics on these issues so far) show that these Far Eastern companies have been investing abroad on a large scale, a trend which is growing dynamically. In 1977, the volume of capital annually exported from Hong Kong exceeded foreign capital investment in the local economy. At present, Hong Kong companies' direct investments abroad are estimated at approximately \$2,000 million.<sup>1</sup> One can hardly find a major company with less than two or three production branches abroad on Taiwan, while South Korea already has 150 multinational companies with subsidiaries in 44 countries.<sup>2</sup>

The presence of multinational Hong Kong, Taiwanese and South Korean companies has had a considerable effect on the domestic economic situation in a number of developing countries. In Indonesia, for example, Hong Kong companies rank second (after Japanese) and South Korean companies, eighth, in volume of foreign investment in the branches of local industry not connected with mining. In Thailand, about a hundred of 360 foreign investors who were given permission to operate in the country from the mid-1960s to the mid-1970s were Taiwanese and Hong Kong companies (according to the journal of the UN Economic Commission on Latin America).<sup>3</sup>

In light of these circumstances, it is highly interesting to examine foreign operations of the "new" multinational companies, their foreign economic strategy and business practice

### INITIAL STEPS IN OPERATIONS ABROAD

Hong Kong, Taiwanese and South Korean companies made their first attempts at forming branches abroad in the early 1960s. Hong Kong

<sup>1</sup> *World Development*, 1982, No. 2, p. 133

<sup>2</sup> *Journal of International Business Studies*, 1980, No. 2, p. 118

<sup>3</sup> *CEPAL Review*, 1981, No. 14, p. 57



companies were quickly followed by Taiwanese and South Korean companies. The desire to preserve foreign markets already won with the help of exports served as the most important driving force in the initial unfolding of operations abroad, as was the case with many Western monopolies in their time. Such "protective" foreign investments were naturally largely in keeping with the structure and trends of export trade. For example, a survey of Hong Kong companies' production branches abroad has shown that three-fourths of them were formed in countries whose markets up till then had been supplied by the corresponding parent companies through foreign-trade channels.<sup>4</sup> Analysis of foreign operations by South Korean companies yielded similar conclusions.<sup>5</sup>

In the late 1950s-early 1960s, protectionist barriers were raised against Hong Kong companies to prevent them from exporting umbrellas, lanterns, confectioneries, and so on to the developing countries with the aim of encouraging local production of these items. In the 1960s, their textile exports were similarly jeopardised, and in the first half of the 1970s, the same happened to their exports of household electric appliances. The structure of Hong Kong companies' foreign investments has seen a similar evolution from the production of the simplest household articles and foodstuffs to textiles and household electronic appliances.

In some cases, Hong Kong, Taipei and Seoul were prompted to form foreign branches in developing countries by their desire to use these countries as a springboard for exports to the developed capitalist states. In the early 1960s, Western governments developed a system of export quotas and then "voluntary export restrictions" for Hong Kong textiles and ready-made garments. To get around them, Hong Kong companies moved into Singapore (for instance, 15 subsidiary textile enterprises were set up there in 1963-1964). When restrictions were extended to this country as well, branches were set up on Taiwan, in Macao, Thailand, Malaysia and Sri Lanka. "Since the EEC has been keen to give poorer developing countries quotas in advance of their capacity," the *International Herald Tribune* pointed out in this connection, "Hong Kong can take advantage by investing plant and expertise in these countries as it may be doing in Sri Lanka."<sup>6</sup> The establishment of branches on Mauritius gave Hong Kong companies virtually unrestricted access to the Common Market countries (within the framework of the Lome Convention). South Korean and Taiwanese companies producing footwear and TV-sets were influenced by similar stimuli in their foreign investments.<sup>7</sup> The protectionist barriers, however, were not the only reason: growing wage costs in the base countries (plus a sharp increase in the cost of land in Hong Kong) constantly lowered the competitive capacity of export products so that to move production to the developing countries with cheaper labour (Indonesia, Malaysia, and Thailand, and later on, to some African countries) seemed to be a natural way out. It is characteristic that the process involved not only industrial companies in Far Eastern territories but also, to some extent, local agrobusiness. For instance, the Taiwanese companies specialising in growing and processing pineapples for export began setting up plantations in Thailand and the

<sup>4</sup> *The Columbia Journal of World Business*, 1978, No. 1, p. 41.

<sup>5</sup> *Multinational Business*, 1980, No. 4, p. 5.

<sup>6</sup> *International Herald Tribune (Supplement)*, September 1978, p. 3.

<sup>7</sup> *Multinational Business*, 1980, No. 1, p. 17.

Ivory Coast as the growing cost of labour on Taiwan made local cultivation unprofitable.\*

Yet from the outset, the activities of most of the foreign branches in Hong Kong, Taiwanese and South Korean companies were oriented to the markets of recipient countries, for the most part, developing ones. Specific operations of these "new" international companies and their special competitive advantages became fairly manifest there. As distinct from Western transnational corporations (TNCs), which operate for the most part in capital-intensive branches of industry with a powerful technological base or which require high marketing costs, multinational companies in the Far Eastern region expanded primarily into sectors producing technologically simple, labour-intensive, and non-differentiated products, with low prices being the main instrument in the competition. For example, a special survey of the Indonesian branches of Hong Kong and Taiwanese companies showed that their average expenditures for machine tools and equipment in per worker terms were much lower than the corresponding indices for the transnational corporations' branches of the developed capitalist countries. As far as the "capital-labour" coefficient is concerned (overall capital investment per worker), it was twice as big among Western investors as the corresponding coefficient at subsidiary enterprises of the "new" multinational companies. This is corroborated, for instance, by a comparison of mean indices of capital investment per worker at the branches of "new" multinational companies and the transnational corporations of developed capitalist countries in Indonesia (in thousands of dollars):

	Expenditure on machine tools and equipment	Overall capital investment
Hong Kong, Taiwan Singapore*	4.42	8.3
Japan	8.14	18.8
The USA	5.37	16.9
Great Britain	5.34	19.9

\* The statistical data available made it impossible to isolate the Hong Kong and Taiwanese branches from those of Singapore. The latter's inclusion, however, does not affect the indices sought for, as the foreign operations carried out by the companies of this developing country (which has common ethnic roots with Hong Kong and Taiwan) have practically identical parameters.

Source: *Bulletin of Indonesian Economic Studies*, 1979, No. 1, pp. 75, 77.

of "intermediary" technology, given an abundant cheap workforce and the narrow home market (characteristic of the developing economy) are

At the same time, the survey demonstrated that the "new" multinational companies have concentrated their activities abroad on branches with small unit costs of advertising and marketing as well as low investments in R&D.<sup>9</sup> In this way, the multinational companies of Hong Kong, Taiwan and South Korea first and foremost began by filling a sort of "vacuum" in the economies of the developing recipient countries—in other words, in those branches and sectors that Western monopolies found unprofitable, and in which local enterprises were not yet operating or were not very efficient. It was in those sectors that the "new" multinational companies managed to demonstrate their specific competitive advantages based on mastering labour-intensive technology of small-scale production. This type

\* Ibid.

\* *Bulletin of Indonesian Economic Studies*, 1979, No. 1, pp. 75, 77.

a more rational application than modern capital-intensive and labour-saving technology intended for large demand, for the local consumer's hypersensitivity to lower prices makes price competition a formidable weapon.

Intermediary" technology can be obtained in different forms. In some cases it is enough to organise imports of out-dated equipment from the developed capitalist countries, although as the used equipment market is extremely underdeveloped, even a search for suppliers can become a serious problem, to say nothing of spare parts and so on. For this reason many multinational companies of Hong Kong, Taiwan, and South Korea with long-standing commercial ties and impressive experience in the field have specific competitive advantages. Flexibility in selecting and installing equipment is often a key factor. It is distributed within an enterprise to ensure "multiple complementarity", that is, to guarantee production readjustment for different output in the shortest possible time if the given market becomes saturated. For example, one and the same metal-working equipment was used by the "new" multinational companies to produce both refrigerating chambers and cookers.<sup>10</sup> Multinational companies of Hong Kong, Taiwan and South Korea do not confine themselves to buying used equipment or adapting it to labour-consuming small production but themselves develop and produce machinery specially designed for their needs. Indicative in this respect is the "typical" technological process at enterprises of the Hong Kong multinational company producing aluminium household utensils, as described by American economist L. Wells. "Production in Hong Kong at approximately a third of the volume of a medium-sized Japanese manufacturer involves the hand-pouring of molten aluminium into small moulds. Rolling is done on hand-fed equipment that has no automatic device to return the slab for the second pass. Punching of pieces from sheets of aluminium is done with foot-operated equipment. Other operations are similarly scaled down for small production runs. When the firm set up operations in another Southeast Asian country to produce aluminium household utensils at about 80 per cent of the volume of its home factory, it exported some of its used equipment."<sup>11</sup>

Apart from their adjustment to labour-intensive small production, important advantages of the "new" multinational companies in competing on foreign markets also include insignificant overhead expenses as a result of low wages paid to managers and engineers sent abroad to work at subsidiary enterprises (even though this personnel is usually more numerous than in Western transnational corporations). For instance, the wages of a South Korean engineer, say, in Saudi Arabia in the mid-1970s, according to expert estimates, amounted to less than half the amount a British engineer received and approximately a quarter of an American engineer's wages at that time.<sup>12</sup>

Relations between the multinational companies of Hong Kong, Taiwan and South Korea and the recipient developing states also give these companies specific competitive advantages. Broad opposition to the rapacious practices of Western monopolies in those countries and hopes that other countries' companies offer a real alternative to the transnational giants have guaranteed a more hospitable investment climate for the "new" multinational companies. Purely political motives have played

*Multinational Business* 1980, No. 1, p. 17.

<sup>11</sup> *Columbia Journal of World Business* 1978, No. 1, p. 43.

<sup>12</sup> *Financial Week* M., 29, 1978, p. 34.

a considerable role in a number of cases. It suffices to quote a fairly frank pronouncement by Sri Lanka's former trade minister: "We lay off investors from small places like Hong Kong, because nobody can talk about a sell-out to imperialism in the case of a country that is as small as or smaller than we are."<sup>13</sup> This is largely encouraged by the policy pursued by the "new" multinational companies, which are more willing as compared to the transnational corporations to organise mixed enterprises in the recipient countries on a parity basis with local partners and even to grant the latter most of the shares. For instance, a survey of foreign investors in Thailand showed that 86 per cent of "new" multinational companies (Taiwanese companies were especially numerous among them) had shares amounting to 49.9 per cent and less, whereas the overwhelming majority of monopolies based in the capitalist countries (86 per cent of Japanese, 80 per cent of West European and 72 per cent of American companies), on the contrary, held 50 per cent of shares or more.<sup>14</sup> South Korean national companies, which consist of 90 per cent direct foreign investments in the form of branches with undivided or preference share-holding, are an exception in this respect.<sup>15</sup>

#### NEW SPHERES AND FORMS OF FOREIGN EXPANSION

Beginning with the second half of the 1970s, the majority of main multinational companies of Hong Kong, Taiwan and South Korea were no longer satisfied with having access to "intermediary" technology and began actively penetrating modern capital-intensive and research-intensive branches. "In the 1960s," a manager of one of South Korea's giant conglomerates, Deevu Industrial, described the process, "we did it with manual labour. In the 1970s, on the assembly line. And now we are focusing on engineering products that are still fairly labour-intensive, but require higher skills."<sup>16</sup> In this way South Korean firms have, with exceptional speed, become major ship-builders by international standards. Before it opened its shipyards in March 1972, the Hundai company, for example, had practically no experience in this field. Less than a year later, however, the first supertanker of 260 thousand tons displacement was commissioned. By the late 1970s this firm had at its disposal the world's largest (!) private shipyards and could simultaneously build 35 vessels of different sizes. Furthermore, South Korean ship-building companies, such as Hundai, are at present successfully competing with Japanese giants and snatching major orders away from them one after another, including one for building a floating gas-processing platform for Japan itself. Automobile companies follow the example set by South Korean ship-building firms. In 1976 the Hundai Motor Company (also of the Hundai financial group) designed its own small capacity car, the Pony, which it presently sells to 42 countries (in the Middle East, Latin America, West Africa and Western Europe); in a number of the latter countries, assembly plants have already been set up. The price of a Pony is from 10 to 15 per cent lower than that of comparable West European models, though it is so far slightly higher than that of the Japanese cars. The "new" multinational companies are tempestuously entering key sectors of modern industry, such as the chemical industry, general and precision machinery construction, and electronics. "Particularly in the

<sup>13</sup> *Hong Kong Star*, 1970, 14, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

<sup>14</sup> *Financial Times*, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 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<sup>15</sup> *Financial Times*, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2

heavy and chemical industries," the Hong Kong weekly *Far Eastern Economic Review* wrote, "South Korean and Taiwanese firms have sought and bought the latest Japanese technology, enabling them to combine low wages with the most modern production techniques to attain new heights in productivity as well as quality control... And with increasing frequency, South Korean firms have been able to meet international standards of quality in an open bidding for industrial plant, offering substantially lower prices than those of Japanese suppliers."<sup>17</sup> Hong Kong corporations producing watches, now in perfect command of the Japanese system of "creative copying", instantaneously introduce improvements into the latest models of Japanese electronic watches and sell them throughout the capitalist world. The Taiwanese Disco Electronics firm has become a major supplier of colour TV sets and computer terminals to West European and American markets. At present, the South Korean Samsung company accounts for as much as 20 per cent of black-and-white and 3 per cent of colour TV sets sold in the US, and as a rule, their sets are cheaper than Japanese ones. An annual spending of 2.1 per cent of sales on R & D has allowed this firm to make headway on the American microwave oven and stereo market, and it plans to take over a considerable part of the videotape recorder market. One of the Samsung managers stated that "the Japanese are really afraid to give us technology."<sup>18</sup> The firm's long-term strategic plans include penetration of such branches as development of computers and biochemistry. It is only natural that its investment in R & D in the coming three years will amount to \$250 million to reach \$600 million in five years.<sup>19</sup>

The heightened interest displayed over the past few years by multinational companies of Hong Kong, Taiwan and South Korea in the most up-to-date research-intensive and capital-intensive technology is dictated by the laws of competition in the world capitalist economy. Striving to minimise or even evade contention with Western monopolies, the "new" multinational companies initially focused on what the transnational corporations deliberately rejected, namely, adjusting the technological process to the needs of labour-intensive small production. This adjustment to the economic conditions prevailing in the majority of the developing countries enabled these companies to launch investment operations in many of the newly-free states and to penetrate the corresponding sectors of their industries. Now that they have some experience in operating abroad and possess sizeable financial and technological resources, the managers of major Hong Kong, Taipei and Seoul firms have come to understand ever more clearly that long-term reliance on "intermediary" technology alone will not only fail to ensure stable expansion of operations but will also threaten to strip them of their competitive advantages in the future. "If we don't raise the level of our technology," Yu Zongxian, Director of the Taiwanese Institute of Economics, pointed out in this connection, "we'll lose our competitiveness."<sup>20</sup>

Such a gradual shift towards capital-intensive and research-intensive technology has rather diverse consequences. To begin with, new stimuli for foreign investment have appeared. The application of up-to-date technology has exposed especially deep-rooted differences between the narrow domestic markets in Hong Kong, Taiwan and South Korea and the

<sup>17</sup> *Far Eastern Economic Review*, February 24, 1978, p. 41.

<sup>18</sup> *Ibid.*, August 13, 1981, p. 182.

<sup>19</sup> *Far Eastern Economic Review*, June 4, 1982, p. 24.

<sup>20</sup> *Ibid.*, August 13, 1981, p. 180.



minimally profitable production output at enterprises. Intensive operations abroad have become a vital necessity under the circumstances. Of course, the problem of selling output can to a certain extent be resolved through conventional exports. This strategy, however, is always fraught with the danger of running up against tariff or other trade and political barriers. The setting up of foreign branches is therefore more reliable. The far-reaching consequences of this approach can be illustrated by the example of Hong Kong chemical companies, which have launched production abroad virtually using the foreign production base to meet the relatively modest demands of the home market. On the other hand, the active penetration of the capital-intensive industrial branches by the major companies of Hong Kong, Taiwan and South Korea has resulted in the sharp growth of the material base for cyclic processes in their own economies. Thus mounting crisis fluctuations begin, in keeping with the classical pattern, to force out "excess" capital abroad. For instance, after a prolonged period of relatively rapid growth, the South Korean economy experienced a considerable recession in 1980 (the GNP went down by at least 2 per cent) accompanied by a massive underloading of production capacities, above all in branches of heavy industry, such as shipbuilding, the chemical industry, electrical engineering, steel-manufacture, and the automotive industry. In the latter, for instance, the utilisation coefficient was less than 40 per cent.<sup>21</sup> As a result, companies operating in these sectors were given an additional powerful impulse to expand their foreign investments.

Finally, the development of the basic branches of heavy industry quickly revealed an acute shortage of raw material sources in the Far Eastern "new" industrial zones, a factor which willy-nilly forced major companies to look for them abroad. In order to gain guaranteed access to sources of raw materials, some South Korean and Hong Kong firms set up timber procurement subsidiary enterprises in Malaysia and Indonesia and mining projects in Thailand.

Another notable consequence of the Far Eastern multinational companies' penetration of modern industrial branches is the geographical diversification of their foreign operations. In the early 1970s, the developing countries of the neighbouring Southeast Asian region were an almost exclusive sphere of foreign investment by these companies (ethnic and even family relations in the recipient countries played a tangible role in determining the direction of capital investment abroad). But by the late 1970s, the network of their branches not only spread to the most remote corners of the developing world (from Oceania to Latin America) but increasingly penetrated even the developed capitalist countries. In 1978, the total number of South Korean companies' subsidiary enterprises in North America and Western Europe was double the number of their branches in Southeast Asia (see the table below).

By forming branches in industrial capitalist countries, many "new" multinational companies seek to gain access to advanced technology. This was precisely the goal of the Hong Kong Microelectronics company, which bought controlling interest in the American Monosil company. "Monosil is our window on the real world", a Hong Kong company manager emphasised. "It makes the fancy integrated circuits and designs products, while we do the assembly, testing and packaging."<sup>22</sup> And still the major aim of the majority of "new" multinational companies is

<sup>21</sup> *Financial Times*, (London), 1980.

<sup>22</sup> *Fortune*, August 10, 1981, p. 7.

doubtlessly the direct penetration of the vast Western markets. In this matter the multinational companies of the Far Eastern territories are becoming ever more aggressive "neophytes". The Taiwanese Formosa Plastics Corporation alone has invested \$400 million in the chemical enterprises of Texas, Louisiana and Delaware. The Hong Kong Stelux Manufacturing firm has swallowed Bulowa Watch, the leading watch corporation in the USA. In turn, their entry to Western markets forces the "new" multinational companies to attach growing importance and invest more in advertising and marketing in general. "Already some Korean multi-

nationals," the American economist W. Ting pointed out in this connection, "are entering the big leagues of media advertising. A spot check of the recent issues of *Time* and *Fortune* yielded several ads by Korean and Hong Kong firms... In addition, there is also strong evidence of market-orientation on the part of Taiwanese electronics manufacturers."<sup>23</sup>

One of the most important consequences of the Far Eastern multinational firms' reorientation towards modern capital-intensive and research-intensive technology was the appearance of a new form of foreign economic expansion, namely, export of technology by the "turn-key" construction of industrial projects abroad. Taiwanese companies are building steel works in Africa and Latin America. In mid-1978 the portfolio order of South Korean firms included building 13 industrial enterprises abroad to the tune of \$4,344 million. Trade negotiations were simultaneously under way for the building of several more enterprises to the tune of from \$5,000 to \$9,000 million, with the cost of a single contract considerably exceeding \$100 million.<sup>24</sup> In the late 1970s and early 1980s, as many as 50 South Korean construction companies were operating in 25 countries.<sup>25</sup> They are especially active in countries of the Middle East, where the construction market, according to expert opinion, is one of the largest and most promising in the world today. In 1979, South Korean companies were engaged in projects in the region amounting to \$8,000 million, which equals about a quarter of the entire market there.<sup>26</sup> "When one goes through the list of contractors engaged in the largest construction projects on the Arabian peninsula," *Le Commerce du Levant* published in Beirut wrote, "one has the impression of reading a Seoul telephone directory: Dong Ah, You On, Dae Lim, Hyundai, etc."<sup>27</sup> Observers were especially impressed by the speed with which South Korean construction firms began ousting giant Western corporations, such as P. M. Parsons, Fluor, and Bechtel from the Middle Eastern market. The

Regional Distribution of South Korean Companies' Foreign Branches in 1978

Region	Number of enterprises	Direct foreign investment in \$ mln.
North America	84	25,294
Western Europe	42	2,934
Southeast Asia	66	46,898
West Asia	16	7,500
Africa	16	22,906
Latin America	16	1,798
Oceania	3	1,858
Total	243	109,189

Source: *Economic and Political Weekly*, 1980, No. 41/42-43, p. 1836.

<sup>23</sup> W. Ting, *World Business*, 1980, No. 3, p. 87.  
<sup>24</sup> J. H. Kim, L. Westphal, *A Note on Exports of Technology from the Republics of China and Korea*, April 1978, p. 13.  
<sup>25</sup> *Journal of International Business Studies*, 1980, No. 2, p. 122.  
<sup>26</sup> *Le Commerce du Levant*, June 21, 1980, p. 15.  
<sup>27</sup> *Le Commerce du Levant*, June 21, 1980, p. 15.

success of these firms is largely explained by their ability to supply the construction projects with cheap and skilled workforce at all the levels, from engineers and up to ordinary builders, whom they bring from South Korea. By 1980 more than 100,000 South Korean construction workers were on the job in the Persian Gulf countries, 80 thousand of them in Saudi Arabia alone.<sup>28</sup>

. . . .

In this way Hong Kong, Taiwan and South Korea, which for quite a while were exclusively recipients of foreign monopoly capital, have of late turned into the "home countries" of companies operating on the international scene by means of successful application of the major methods of foreign expansion used by transnational corporations (direct foreign investment and export of technology). Analysis of the evolving foreign economic strategy of these "new multinational companies" shows that they began their operations abroad by entering branches and sectors existing unprofitable for the TNC's, gradually strengthening their potential and finally emerging as direct rivals of Western corporations, even ousting them from some markets. Therefore, many Western economists have hastened to group these firms with other transnational corporations.<sup>29</sup> Even though more than a dozen Far Eastern companies are included in the list of 500 major non-American corporations in the capitalist world published annually by the Chicago-based *Fortune* magazine (the list is regarded in the West as a competitive hurdle of sorts for a firm wishing to be referred to as among the elite of transnational business), none of them has so far reached a level of internationalisation adequate for a TNC. None of these companies meets the qualitative criteria of a modern multinational monopoly worked out by Marxist economics, which include the integration of consecutive links in the production chain "beyond national boundaries" based on tremendous concentration of production and capital with the aim of maximising corporate strategy on a global scale; relative independence of reproduction within a corporation from the reproduction processes within the various national economies; and the emergence of division of labour inside corporations beyond national boundaries, and the conversion of this division of labour into an international one.

At the same time, this refusal to class the Hong Kong, Taiwanese and South Korean companies operating on the international scene as transnational corporations in no way means that the phenomenon has a fundamentally different socio-economic nature. In the modern world, given the economic relations that exist under capitalism, the multinational private capitalist firms are an important form of internationalising operations by Far Eastern business, which is going from strength to strength. The "new" multinational companies have in fact become an immediate reserve of transnational monopolistic capital, just as the "new" industrialised Far Eastern zones in general have become the immediate reserve of world capitalism. It is only natural that the TNCs are increasingly promoting business partnerships with these companies on the basis of common class interests and are ever more actively involving them in joint exploitation of other developing countries.

On the other hand, facts show that, despite some hopes in the West, the emergence of these "new" multinational companies, far from giving a new lease on life to a world capitalist economy dogged by chronic ailments, on the contrary, has sharply aggravated the inner contradictions harrowing it. Encouraging use of a developmental model oriented at furthering foreign economic relations (borrowed from Japan by Far Eastern business), the imperialist countries are now becoming increasingly aware of the powerful competition they present. M. Cannon-Brookes, Vice-President of the Taiwanese Branch of the American City Bank Transnational Banking Corporation, pointed out in this connection that the Asian "mini-states are trying to move into the big leagues to compete with Japan, the US, and Europe".<sup>50</sup> There is every indication that the old imperialist powers will have to put out considerable effort in the future to maintain their former positions in this competition. At any rate, the dynamic expansion of operations by the "new" multinational companies shows that a fresh centre of economic power is emerging in the Far East, and hence, a new seat of contradictions and conflicts has come to be in the world capitalist economy.

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## BOOK ON MONGOLIAN CULTURAL DEVELOPMENT UNDER SOCIALISM REVIEWED

Moscow FAR EASTERN AFFAIRS in English No 1, Jan-Mar 83 pp 190-191

[Review by S. B. Chimitdorzhiev, doctor of historical sciences (Ulan-Ude), of book "Stroitel'stvo sotsialisticheskoy kul'tury v Mongol'skoy Narodnoy Respublike" [Construction of Socialist Culture in MPR] by L. M. Gataullina, Moscow, Nauka, 1981, 280 pages]

A monograph by L. Gataullina dealing with the development of socialist culture in Mongolia came off the press. This book actually contains the entire set of problems connected with the development of culture in socialist Mongolia. It also examines such little-studied problems as the character, essence and tasks of the cultural revolution in a country involved in a transition towards socialism bypassing capitalism, and the correlation of general regularities and specifics of the cultural revolution in the conditions obtaining in Mongolia, as well as the division into periods of the history of that revolution. The author analyses the problems involved in creating a new culture on a broad scale and in close link with political and economic tasks at different stages of building socialism in Mongolia. Much space in the book is devoted to the final stage of socialist construction, the problems connected with the state, trends and methods of developing cultural life in Mongolian society after the material and technical basis of socialism had been established in Mongolia.

L. Gataullina substantiates an important thesis that today the character and rate of social progress in Mongolia, as well as the rate of the completion of socialist construction, depend, to a great extent, on the intellectual potential of society and on the level of popular education, science and culture. The latter is being more deeply and broadly introduced in production, management and everyday life, and exerts a strong and beneficial influence on all spheres of public life, becoming a major qualitative

characteristic of the present stage of socialist construction in Mongolia.

On the basis of numerous facts, the monograph shows that the principal outcome of the cultural revolution in the Mongolian People's Republic is the steady rise in the educational level of the people. The book examines the state of school education at the main stages of the popular revolution, giving much attention to the organisational principle of the school system, the content, forms and methods of the educational work, as well as the problems bearing on the restructuring of the secondary school in conformity with the requirements of scientific and technological progress and social development. Special attention is given to the problems of eliminating adult illiteracy and converting Mongolia into a country of universal literacy.

The problem of the steady enhancement of the role played by science which is the most important component of socialist culture is given much space in the book. The author lists the achievements of the Mongolian scientists in the natural sciences, particularly agriculture, in prospecting rich natural resources of the country and their considerable successes in applied research in technology and economics. L. Gataullina describes the major directions of research done by the Mongolian scientists, connected with the elaboration of the basic tasks of the socialist construction, i. e., the consolidation of the material and technical basis of socialism, the improvement of social relations and development of the working people's communist education. The author



...at the conclusion that science in Mongolia, like in all other socialist countries, is increasingly becoming a productive force, and production is becoming a technological application of science, thereby promoting a radical transformation in the main sectors of Mongolia's national economy and the acceleration of socialist construction in the country.

At all stages of building a new society the Mongolian People's Revolutionary Party has attached paramount importance to the development of literature and the arts, taking into account the role they play in enhancing the cultural level of the working people, and in moulding their world outlook, ethical and aesthetic standards, as well as their moral and political features. The monograph stresses that the Mongolian People's Revolutionary Party has unwaveringly advo-

cated the strengthening of the principles of socialist realism in artistic creative activities, waged a resolute struggle against manifestations of indifference to politics, and educated artistic workers in the spirit of Marxist-Leninism and proletarian internationalism. The monograph shows that the best works of Mongolian masters of culture serve as an important instrument for cognising life, and the regularities of social development, as an efficient factor of revolutionary transformations of reality, and as a means of ideological enrichment of man and his moral improvement.

The data cited in the monograph show that there are broad opportunities in Mongolia for the working people to display their gifts and abilities, that the people's creative activities in the sphere of culture are increasingly developing, thus multiplying the country's cultural potential, and that the working people who previously were consumers of cultural values are now turning into creators of a new socialist culture.

Of great importance are the sections of the monograph revealing the successes and experiences inherent in the moulding of a new socialist materialistic outlook in the struggle against the feudal and lamaist ideology. The same is true of the forms and methods of the ideological and educational work conducted today by the Mongolian People's Revolutionary Party. The book stresses that the moulding of socialist consciousness of the working people, the establishment of socialist ideology in all spheres of cultural life of society, and the growth of creative initiative and the socio-political activity of the working people of Mongolia are the most important achievements of the cultural revolution in that country.

The main conclusion drawn by the monograph is as follows: the cultural revolution in Mongolia delivered the working people from spiritual slavery and ignorance and opened for them a road towards knowledge and the wealth of their native and world culture. As a result of the tremendous work for the communist education of the working people done by the Mongolian People's Revolutionary Party, which makes use of the experience gained by the CPSU and the fraternal Soviet people, a new man is being moulded, possessing a rich spiritual world, a broad world outlook and high moral properties. He is an active and conscious builder of a new socialist society. The cultural foundations of the socialist way of life in Mongolia are being improved.

It should be pointed out in conclusion that the experience in the carrying out of the cultural revolution in Mongolia, where colonialism suffered one of its first setbacks, is of great importance for newly-free Asian, African and Latin American countries, especially those which have embarked on the road of socialist orientation and struggle for the overcoming of cultural backwardness and ideological dependence of their respective peoples. With due regard for their specific features, these countries may derive many useful and instructive things from the experience of Mongolia, thus avoiding many difficulties, miscalculations and failures in such a complicated matter as the building of a new life along socialist lines and the creating of a new socialist culture.

## JAPANESE BOOK ON 'MILITARIZATION' OF JAPAN PRAISED

Moscow PROBLEMY DAL'NEGO VOSTOKA in Russian No 4, Oct-Dec 82 (signed to press 17 Nov 82) pp 215-218

[Review by A. A. Shmyrev of book "Nihon-no gunjika to heiki sangyo" [The Militarization of Japan and Arms Production] by Takao Kamakura, Tokyo, Shakai shinsho, 1981, 250 pages]

[Text] This book by Professor Takao Kamakura from Saitama University, an expert on Japanese economic affairs, was published by the publishing department of the Japan Socialist Party central headquarters and explains the JSP's position on a number of the topics discussed in the book. In the endless stream of new Japanese works preaching chauvinism and praising the Japanese army's "great feats" in World War II, this is one of the few works in which Japanese militarism--both the pre-war variety and the embryonic form of the present day--is discussed objectively, logically and with the support of many facts and figures. The author takes a precise stand on questions of war and peace, the arms race, Japan's relations with the Soviet Union, the Afghan events, the Japanese-American military and political alliance and the expansionist tendencies in Japanese foreign policy. With few exceptions, his stand is the opposite of the policy of Japanese ruling circles.

In the foreword, T. Kamakura explains that he wrote the book not only to point out facts attesting to the development of reactionary tendencies and the reinforcement of rightwing deviations and militarization. He writes that he also wanted to explain who essentially supports militarization, what serves as the basis for this, and why militarization is being pursued at all. "Many people are protesting against war and demanding peace. World public opinion in favor of the eradication of nuclear weapons is growing stronger. Why then," he asks, "are the arms race and the perfection of nuclear weapons being continued? I will try to look into these questions" (pp 4-5).

T. Kamakura does not idealize the world situation and acknowledges that the world antiwar movement has not been able to stop the arms race as yet. He does express his firm belief, however, that the "movement for the eradication of war, for the eradication of the arms race, for peace, is a truly just movement from the standpoint of the interests of all mankind and the development of human society. Consequently, this movement will most probably triumph. But this triumph will depend on the will displayed by each of us in the struggle against

war and for peace, it will depend on our struggle against those who administer the arms race and the preparations for war" (pp 5-6). The Japanese public, Kamakura correctly notes, has access mainly to distorted data about the state of the arms race and the positions of the Soviet Union and United States. The author does believe, however, that Japanese periodicals contain enough information to prove unequivocally that Japan has been overcome by mounting militarism.

A large section of the book is devoted to the exposure of the myth about the "Soviet threat" that is supposed to be hanging over Japan. This myth was resurrected in recent years through the efforts of Japanese ruling circles and it has therefore gained the official support of the Japanese Government. Unfortunately, some people in Japan believe in myths. T. Kamakura writes: "Recently my colleagues and I have had to speak to students and workers about the dangers inherent in Japanese-American military cooperation quite frequently. We are often asked: 'You say that the Soviet Union will not attack Japan, but where is your proof?' It is indicative that the people who ask this question are not necessarily individuals with rightwing convictions. The very fact that this kind of question is asked testifies that the propaganda about the 'Soviet threat' is quite effective" (p 14).

What is the purpose of all this talk about the "Soviet threat"? Since Japan is supposedly too weak to ward off this threat, it must rely on American military protection, including U.S. nuclear weapons on Japanese territory. But this, the talk implies, cannot go on for long. Japan is a strong power in the economic sense and it would find it awkward, the supporters of remilitarization assert, to simply rely forever on outside military protection. It is time for Japan to acquire its own strong army. This is how the idea that the country must be armed is being cultivated in Japan.

Japan is being armed against the Soviet Union, which has never threatened it in any way and does not plan to threaten it in the future. This belief is apparent throughout T. Kamakura's book. One section of the chapter on the nature of military strength in the present era is totally devoted to an exposure of the myth about "Soviet aggressiveness." The author writes: "The lies about the 'Soviet threat' appeared immediately after the 1917 revolution in Russia, which resulted in the birth of the world's first socialist state--the Soviet Union. Later these lies were reiterated and there is nothing new about them" (p 114). As early as the period between the two world wars, internal unrest and demonstrations by Japanese workers and peasants against ruling circles were stifled on the pretext of the so-called "Red menace." Now the slightly updated myth of the "Soviet threat" is being used to secure the dominant position of American monopolies and to suppress national liberation movements throughout the world. Unfortunately, official circles in Japan have done much to keep the myth alive.

T. Kamakura describes in detail how these lies were used in the past and are being used in the present by those who have an interest in the militarization of the economy and domestic political situation in Japan, those who have tried and are trying to deprive the Japanese people of the democratic rights they won through persistent struggle. Japan has started more than one war in the

Far East and the Pacific, and today's militarists, the author warns, would like to push the Japanese people back on the old road of foreign expansion. The author feels that all of the talk about Japan's "external enemies" is untrue. The time has come to explain that "there is no danger connected with the threat of aggression against Japan by a foreign state. On the contrary, the danger of aggression and war can be found in Japan itself" (pp 16-17).

The author's entire discussion leads the reader to an important conclusion which is not often stated in today's Japan: "Before giving in to the groundless belief that our state is being threatened by the danger of foreign aggression, we must think about how our fathers were drawn into a war and about what the Japanese imperialists did during the wars in Korea, Manchuria, China and the Soviet Union. Before we unthinkingly agree with the groundless criticism of the Soviet Union in the atmosphere of propaganda about the 'Soviet threat,' we must soberly consider the present actions and future plans of those who are spreading this propaganda--the U.S. Government and its supporters in the Japanese Government and financial and industrial circles. This realization is the first step in making our dreams of peace come true" (p 27).

The author consistently reveals the essence of the aggressive policy of Japanese ruling circles in relations with the Soviet Union. As soon as the young Soviet State came into being, Japan was the first capitalist country to try to smother the Soviet regime by force of arms, sending its troops to the Soviet Far East in April 1918. In August and September of that same year, 70,000 Japanese soldiers landed in Siberia, and by 1920 the number had reached 175,000. The pretext--and it was an invented story at that--for this open intervention, the author recalls, was a report inspired by the Japanese press about the death of two Japanese in Siberia. The Soviet regime was hastily blamed for their deaths. It was on the pretext of protecting the life and property of Japanese on Soviet territory that the intervention forces were sent there. The real purpose of the intervention, however, was the devastation of the Soviet regime as quickly as possible. T. Kamakura writes about this as well: "For Japanese ruling circles the 'Red menace' was a direct threat to their dominant position and they resorted to aggression to remove this threat" (p 115). In reference to Japan's expansion in the Far East in the next decade, the author frankly states that "both the occupation of Manchuria and the invasion of China were quite obviously undertaken in pursuit of Japan's final strategic goal--war against the Soviet Union" (p 116).

The facts of Japanese-Soviet relations between April 1941 and August 1945--that is, from the time when the Soviet-Japanese neutrality pact was signed to the Soviet Union's entry into the war against Japan--are often deliberately distorted in today's Japan. The events of those years are described accurately in T. Kamakura's book. In particular, he quotes the well-known words that then Japanese Foreign Minister Y. Matsuoka said to the Soviet ambassador on 23 June 1941: "The basis of Japan's foreign policy is the triple pact, and if the present war and the neutrality pact should come into conflict with this basis and with the triple pact, the pact on neutrality will be invalid." With these words, according to the author's absolutely correct conclusion, "the Japanese side effectively broke the treaty signed only 2 months earlier" (p 117).



it is bound by a treaty on cooperation, for assistance in repulsing outside military intervention," T. Kamakura correctly states (p 121).

The author also refutes the allegations about the equal responsibility of the Soviet Union and United States for the continuation of the nuclear arms race. These allegations were subjected, as we know, to logical criticism when USSR Minister of Foreign Affairs A. Gromyko, member of the CPSU Central Committee Politburo, addressed the second special session of the UN General Assembly on disarmament. The author of this book cites many facts to prove that "the American side has always taken the lead in the military competition, and the Soviet Union has developed its weapons in self-defense" (p 78). He also mentions the American concept of the "first strike," which is essentially a frank declaration of the aggressiveness of U.S. military policy and military doctrine. "The U.S. Government and U.S. military circles are precisely the ones," the author writes, "who are administering the race for nuclear arms and have seized the initiative in this race" (p 80). The author refutes the allegations that the United States had to resume the arms race when Soviet troops entered Afghanistan. "The Carter Administration," he says in the book, "put forth a new arms race plan and began to engineer a 'united anti-Soviet front'... even before the Afghan question arose" (p 95).

The author traces the development of Japanese-American military and political relations from the signing of the "security treaty" (1951) to the May 1981 talks between Prime Minister Z. Suzuki and President R. Reagan, when these relations were first raised to the status of an "alliance." This was done, the author says, to gain even greater participation by Japan in American military strategy.

The war in Korea, the aggression in Vietnam, the "oil crisis" and the fall of the shah's regime in Iran were just a few of the pretexts for U.S. demands for the re-arming of Japan, the author writes. The United States is still blaming "literally all changes in the world, he notes, on "Soviet intrigues." However, Kamakura stresses, "democratic revolutions in developing countries are not instigated by the Soviet Union, nor are they the result of the expansion of the Soviet sphere of influence" (p 133). As for the Japanese-American military and political alliance, "by allowing the United States to use military bases on its territory, Japan took part in the militaristic U.S. actions to maintain U.S. supremacy and oppress the people of Korea, Vietnam and Iran" (p 135).

The author is quite interested in Japan's growing military industry, which has already met world standards in the production of some types of guided missiles, airplanes and naval ships. He cites numerous cases of Japanese weapon exports.

The desire to implement the idea of the so-called "Pacific community," which would include Canada, Australia, New Zealand, the ASEAN countries and some other states and territories in addition to Japan and the United States, is again gaining strength in Japanese ruling circles. The purpose of all this, according to the author, consists primarily in providing Japanese industry with sales markets and providing Japan with regular deliveries of raw materials, energy resources and foodstuffs. The author correctly calls the projected community "a new imperialist economic bloc" and says that the plans for the



creation of the community are closely related to the reinforcement of "self-defense forces" and the plans to send them abroad, at least for inclusion in UN international troops. The speech presented by Prime Minister Z. Suzuki in Honolulu after his trip to Paris, New York, Peru and Brazil in June 1982 proved that the Japanese Government would like to give the projected "Pacific community" the features of a military-political bloc, and that this desire has clearly been influenced by the United States.

The value of Professor Kamakura's book extends beyond all of the historical facts and statistics cited in the work and beyond his thorough scientific substantiation of his entire discussion. The book is also noteworthy because of the personal stance of the author, who makes a passionate appeal for more intense struggle for a better future for the Japanese people and all mankind, for peace and for disarmament.

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BOOK STRESSES HOKKAIDO CULTURAL TIES TO SAKHALIN, SIBERIAN MAINLAND

Moscow PROBLEMY DAL'NEGO VOSTOKA in Russian No 4, Oct-Dec 82 (signed to press 17 Nov 82) pp 218-220

[Review by K. Ye. Cherevko, candidate of philological sciences, of book "Po sledam drevnikh kul'tur Hokkaydo" [Following the Trail of the Ancient Cultures of Hokkaido] by R. S. Vasil'yevskiy, Novosibirsk, Nauka, 1981, 173 pages]

[Text] This book by Doctor of Historical Sciences R. S. Vasil'yevskiy, a study of the ancient cultures of Hokkaido, is of great interest from the archaeological, ethnographic and historical standpoints. This is the first time that all of the recent findings about the settlers of the littoral island zones of Northeast Asia, especially northern Japan, have been summarized in the Russian language.

In addition to its value as a summary of new information about the archaeology, anthropology and ethnography of northern Japan in comparison to Sakhalin, the Kurile Islands and some other Pacific islands, the work being reviewed, which is based on eyewitness accounts, is of indisputable political value because it directly refutes the statements by Japanese bourgeois historians that the Kurile Islands and Sakhalin have always belonged to Japan, even if these allegations are substantiated, as they recently have been, by arguments concerning their historical ownership by the Ainu--the first inhabitants of the Japanese archipelago.<sup>1</sup>

The investigation of the paleolithic age in Japan is presented in the entertaining form of a travel diary. The author concludes that one of the cultures of this era is related to the mainland cultures of North Asia, primarily what are now the Coastal Zone and cis-Amur region in the USSR. This is suggested, for example, by the fact that "almost a complete set of all the articles found here and there on Hokkaido was discovered in the Coastal Zone" (pp 153-154). The sources of another cultural tradition (flint implements) are discerned by R. S. Vasil'yevskiy in the cultures of central Japan and Korea (p 153). He assumes that they came from Southeast Asia or developed locally and had their source in earlier cultures on the Japanese Islands (p 23).

In an analysis of current research projects in Japanese ethnic history, the author correctly divides them into two main fields of research--"inquiries to

learn whether the population of the jomon period was related to the Ainu and whether there is a connection between this neolithic population and the Japanese" (p 16). But it seems to us that this denies, and without sufficient grounds, the theory about the pre-Ainu population of Japan, the so-called Koropokkuru tribe (p 15).

This tribe, which the Sakhalin Ainu called "tonchi" or "tonchi-komui" and the ancient Japanese called "tsuchikumo," most probably inhabited the Japanese Islands, Sakhalin and the Kuriles before the Ainu arrived. This is attested to by information in the early Japanese chronicles of the eighth century, "Hitachi fudoki" and "Hizen fudoki," and the Ainu epic "Yukar," which say that in the eighth century, after 5 centuries of struggle, the Ainu had crowded almost all of their predecessors out of Sakhalin, with the exception of tribes who had come from the Amur lowlands to settle in the Poronai River valley. Excavations conducted in this region in 1955 in the places where Ainu had reported tonchi settlements unearthed a boat of the Nivkhy type, stone weapons, clay pottery and other articles typical of the hunting culture.<sup>2</sup>

The book contains a brief account of the results of a symposium on the hunting culture in 1977 in Sapporo, organized by Hokkaido University's Institute for the Study of the Northern Cultures of Eurasia. In connection with the discussion here about the Ainu's predecessors, the arguments cited by Japanese scholars at the symposium in corroboration of the ideas of Soviet archaeologists--that this culture of maritime hunters and trappers developed in Sakhalin under the influence of Amur lowland cultures and was genetically related to the paleo-Nivkhy (or paleo-Gilyaks)--seem sound. For example, T. Kikuchi suggested that the ethnonym "Gilemi" (or Gilyaki) found in Chinese chronicles of the 13th century was a new name for the "Liugui" mentioned in the T'ang Dynasty chronicle (around 640) and that these tribes, judging by archaeological data, were representatives of the hunting culture (p 94).

The section of the book entitled "Strange Stones," about the megalithic monuments, the "rock circles" and "rockpiles," which are often grouped around a stone pillar, is quite interesting. The author is particularly intrigued by the monuments of this kind among the burial mounds near Shuen and Gotenyama, underscoring their striking similarity to analogous structures of the ancient Europoids who belonged to the Afanas'yev and Andropov cultures in the southern half of West Siberia (2d millenium B.C.).

In connection with this, R. S. Vasil'yevskiy believes it is a natural assumption that the burial mounds appeared in Hokkaido as a result of the migration of tribes from the Asian mainland to northern Japan or the gradual infiltration of the coastal islands in the northwestern Pacific by these tribes. This hypothesis can be proved, as the author correctly points out, by the discovery of definite changes in the physical appearance of the native population in comparison to earlier inhabitants, but the data for this are "not available to Japanese archaeologists" (p 102). It is true that burial remains of the hunting culture (1st millenium B.C.) unearthed in Onkoromanai (northern Hokkaido) and Susuy (Sakhalin) occupy, according to anthropological data (skull structure, etc.) a position midway between the ancient Europoids with their massive skulls, strong chins and clearly defined facial features--representatives of the

Afanas'yev and Andronov cultures--on the one hand, and the ancient Nivkhy, Ainu and Japanese on the other.<sup>3</sup>

This assumption is also supported by the fact that the tribes in several parts of northern Hokkaido, belonging to this intermediate anthropological type, buried their dead with their heads to the west, in contrast to the ancient Ainu practice of burying the dead facing the east in southern Hokkaido. But R. S. Vasil'yevskiy does not attach much significance to this fact and this might be the reason he says that there is no evidence to prove the hypothesis that the native population of Northeast Asia migrated to the coastal islands. But it was precisely these migrants who, after intermarrying with the Ainu population of the islands, have "Europoid characteristics in their facial structure, fingerprints and palm lines"<sup>4</sup> and the racial biochemical index (blood type correlation) typical of Europoids, and they could be the connecting link between the ancient inhabitants of the internal regions of the Asian continent and the Australoid population, which had close ethnic contacts with the Pacific Mongoloids in its northward movement to this region.

R. S. Vasil'yevskiy relates the history and evolution of the idea about the purely Europoid origin of the Ainu. He states that this was first suggested by J. La Perouse, the famous French navigator of the 18th century, and that the idea was then developed by many Russian and foreign scholars, some of whom, including renowned Japanese anthropologist and archaeologist Sakuzaemon Kodama, categorized them as part of the caucasian race, which spread eastward to East Turkestan, South Siberia, Mongolia and possibly Korea (pp 156-157). Academician A. P. Okladnikov regarded these Europoids of the Asian mainland as one nationality, or related nationalities with one culture, who settled the vast belt of Central Asian deserts and steppes from Pamir to Khyngan.<sup>5</sup>

At the conclusion of his survey of the works dealing with this hypothesis, the author of the book arrives at what we regard as an unexpected conclusion--that "the latest archaeological and anthropological findings do not corroborate the hypothesis about the Europo-Asians (and should this term even be used?--K. Ch.). Available data testify that the ancient natives of Central and East Asia were Mongoloid" (p 157).

The author cites the popular beliefs about the Australoid roots of the Ainu culture. The roots of this culture, particularly its mythology and religious cults, go back to the proto-Australoids who inhabited the now underwater continent of Zunda during the pleistocene era. It included much of the Zond Islands, Kalimantan, the Philippines and possibly the Japanese Islands, Sakhalin and Southeast Asia (pp 157-159).

The author's hypothesis that the "rock circles" symbolize the solar disc seems valid because the people of the stone age regarded the sun as the personification of the eternal cycle and the reincarnation of the spirits of departed kinsmen in live members of the species (pp 102-103).

The author substantiates the belief that the island of Hokkaido was a zone of contact between migrants from the Asian mainland and the southern part of the Pacific basin. This is corroborated by the author's opinions about the cliff

drawings of anthropomorphic figures and the "boats of the dead" depicting the "journey to the afterworld" in Fugoppe Cave. Pointing out their similarity to inscriptions in, on the one hand, the cis-Baykal, trans-Baykal, Mongolian and Amur lowland regions and, on the other, Indonesia and Vietnam, R. S. Vasil'yevskiy arrives at the logical conclusion that two different cultural and historical worlds--the South Seas of Southeast Asia and the forests and steppes of Central Asia--were united in this region at the end of the 1st millennium B.C. and the beginning of the 1st millennium A.D. (pp 111-112).

Continental roots can also be discerned from an analysis of one of the cultural strata on Rebun Island (southwest of Hokkaido) (p 113). In our opinion, the author is correct in his assumption that the axes, arrowheads and ornamental pendants made of obsidian, nephrite and serpentine and dating back to the middle jomon period, found here could have been fashioned only from materials from the mainland because there are no deposits of these stones on Hokkaido and adjacent islands (p 117).

The concluding part of the book is particularly interesting because it contains new evidence that, "craniologically, the Ainu differ significantly from the Australians but are similar to the Americanoids, pro-Aleuts and pro-Koryaks (apparently the ancient or proto-Aleuts and Koryaks--K. Ch.)" (p 160).

After reading this short but extremely worthwhile book, any unbiased reader will conclude that the pre-Ainu population of these regions consisted of migrants from the Asian mainland--the ancestors of the population which is now part of the friendly family of nationalities of the Soviet Union.

#### FOOTNOTES

1. "Hoppo ryodo-o kangaeru" [Reflections on the Northern Territories], edited by H. Kimura, Tokyo, 1981, p 12.
2. For more detail, see PROBLEMY DAL'NEGO VOSTOKA, 1978, No 1, pp 127-157.
3. H. Fujimoto, "Ainu-no haka" [Ainu Burial Rites], Tokyo, 1974, pp 212-239.
4. V. P. Alekseyev, "poiskakh predkov. Antropologiya i istoriya" [In Search of Ancestors. Anthropology and History], Moscow, 1972, p 135.
5. For more detail, see PROBLEMY DAL'NEGO VOSTOKA, 1978, No 1, p 129.

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AT THE 28TH EUROPEAN SINOLOGY CONGRESS

Moscow PROBLEMY DAI'NEGO VOSTOKA in Russian No 4, Oct-Dec 82 (signed to press 17 Nov 82) pp 221-223

[Report by Professor V. P. Sorokin on European Sinology Congress in Cambridge on 5-10 July 1982]

[Text] The latest, 28th European Sinology Congress was held in Cambridge (Great Britain) from 5 through 10 July 1982. It was attended by a Soviet delegation made up of the following members: Director M. I. Sladkovskiy of the IDV [Institute of the Far East], corresponding member of the USSR Academy of Sciences (the head of the delegation), Doctor of Economic Sciences V. I. Shabalin, Doctor of Historical Sciences V. A. Krivtsov, Doctor of Philological Sciences V. M. Solntsev, Doctor of Juridical Sciences L. M. Gudoshnikov, Doctor of Philological Sciences V. P. Sorokin, Candidate of Economic Sciences V. P. Lomykin and IDV department head A. N. Beskodarov.

At the request of the European Association of Sinologists (EAS), the congress was organized by researchers from Cambridge University's School of Oriental Studies under the supervision of Doctor M. Lowe and was held in Newnham College.

Around 140 people attended the congress, as delegates and observers. This figure was slightly higher than at the previous congress in Zurich but lower than the average figure for the last decade. France, England, Italy and the FRG sent 16-20 delegates each, Holland, Sweden and Switzerland sent 5-7 each, and Denmark, Norway and Belgium sent 2-4 each. The total number of observers from these countries was 15-18. Besides this, there were a few observers from the United States, Taiwan and Hong Kong.

In addition to scholars from the USSR, three people from the GDR, two from Bulgaria and one from Hungary represented the socialist countries of Europe at the congress. The PRC was represented by two researchers from the Academy of Social Sciences in Beijing.

There were 6 plenary meetings and 12 discussion groups on archaeology, current literature, the state in China, Taoism and contemporary literature. The organizers planned to conduct mainly plenary meetings, but this would have limited the number of reports considerably. As it was, the tight schedule did not allow for the presentation of some reports, including one of the Soviet delegation's reports (V. P. Lomykin's report on "The West's Role in the Modernization of China"). Another of the congress organizers' plans also failed:

They wanted the chairmen of discussion groups to make reports each evening, analyzing all of the papers that had been presented. In the first place, this would have reduced opportunities for direct contact and discussion by participants and, in the second place, the broad range of subject matter covered in the papers made a qualified analysis of the suggested type quite difficult.

In all, 42 papers and reports of a scholarly and scholarly-organizational nature were heard and discussed in part (there was often no time for discussion) at plenary and discussion group meetings. The first plenary meeting was devoted almost entirely (the EAS president presented an introductory speech at the start of the congress) to reports by researchers from the PRC Academy of Social Sciences. Professor Li Xiueqin (Institute of Archaeology) reported on the results of research by Chinese archaeologists in recent years (he presented his originally scheduled report on a specific topic--the excavations in the capital of the ancient Eastern Chou kingdom--in the discussion group on archaeology). In his report at the plenary meeting, Li Xiueqin stated that the Chinese civilization is even more ancient and covered even more territory than all past studies have indicated.

In his report on the present state of Chinese literary scholarship, Professor Tang Tao (Institute of Chinese Literature) underscored the broad range of research and the variety of subject matter in comparison to the period prior to the "Cultural Revolution." He particularly stressed the changing attitude toward the writers of the first half of this century who were previously criticized as the bearers of reactionary ideology and the agents of bourgeois influence. He spoke of Hu Shi, a prominent figure in the Chiang Kai-shek regime, as an outstanding writer and scholar who made an important contribution to the establishment of modern Chinese culture in the 1920's. In another report, a paper on the influence of foreign ideological currents on the development of the national style in Chinese literature, Tang Tao mentioned the great influence of the Russian classics on the works of several renowned Chinese writers, but most of the paper dealt with the West European influence.

More than two-thirds of the reports presented at the congress dealt with various aspects of Chinese ancient and medieval history, archaeology, literature and art. This attests to the constant tendency toward the development of "classical" Sinology within the EAS.

Some reports by Western Sinologists, however, quite clearly displayed obvious political tendencies, particularly with regard to Russo-Chinese relations. In a report on "Ch'ing China and Russia at the End of the 19th Century," a West German Sinologist, Doctor P. Kufus, tried to justify England's expansion against China, citing as his main arguments the assessments of Russia's role in the Far East at the end of the 19th century by British bourgeois Sinologists. His report was criticized in a lengthy speech by M. I. Sladkovskiy, head of the Soviet delegation, who pointed out the groundlessness of these arguments. Elucidating international relations in the Far East and assessing Russia's policy during this period from a Marxist-Leninist standpoint, M. I. Sladkovskiy underscored the change in the relations between China and Russia after the Great October Revolution. The next speaker, Professor O. Lattimore (the renowned American scholar who lives in England), essentially supported the

Soviet point of view and, continuing the criticism of P. Kufus' report, also noted that Russia's policy in the Far East was of a particularly "restrained" nature by virtue of several internal and external factors.

The "Sinized" approach to Marxism-Leninism was criticized in a report on "Politics and the Development of Chinese Marxist Historical Scholarship Prior to 1949" (Doctor M. Leitner, West Berlin).

Among the reports on economic affairs, a paper by a Swedish researcher was of particular interest. M. Tornborg (who works in Copenhagen) reported on "China's Special Economic Zones" and discussed the creation of economic zones in other countries, the study of this experience by the Chinese and the use of the experience to augment export resources and increase employment in the PRC.

Many of the reports submitted to the congress dealt with government and law, and a special discussion group was therefore devoted to this topic. In a report entitled "A Comparison of the First and Last Marriage Laws of the Communist Regime in China," Professor M. Meyer (Netherlands) suggested that the leaders of the Chinese Soviet Republic and the PRC had tried to destroy the traditional Chinese family and that the latter had steadfastly resisted these attempts. These statements evoked valid objections from Soviet delegate L. M. Gudoshnikov.

The meetings of the discussion group on literature reflected the growing interest in various European countries in the Chinese literature of recent decades. This was attested to by the reports by E. Eide (Norway) on "Ibsen and the Development of the Contemporary Legitimate Theater in China," G. Lee (Great Britain) on "Dai Wangshu and the Ideological Arguments in the Literature of the 1930's," Liu-Sanders (Great Britain) on "The Debates over the 'Obscure' Current in Contemporary Chinese Poetry" and F. Gruner (GDR) on "The Prose of Contemporary Novelist Wang Meng."

A report by Cambridge scholars on the use of computers in the study and interpretation of Chinese hieroglyphic texts, the paper by G. Casacchia (Italy) on the grammar of the Suzhou dialect and the report on the new method of intensive instruction in the Chinese language were the most interesting of the reports on linguistics. Soviet delegates presented four reports at the congress: At a plenary meeting V. A. Krivtsov spoke on the "Origin of Ideas about Beauty in Ancient China," and in the discussion groups L. M. Gudoshnikov spoke on "Basic Trends in Current PRC Legislative Policy," V. M. Solntsev reported on "Word Order in the Chinese Language and Its Possible Changes" and V. F. Sorokin presented a paper entitled "An Inquiry into the Creative Method in Contemporary Chinese Literature and Art." The subject matter and scientific content of the reports were intended to demonstrate the Soviet Sinologists' broad range of interests and our principled and objective approach to the study of complex processes in China's past and present. These reports aroused considerable interest among specialists in these fields and did not evoke any serious objections. The Soviet delegates took an active part in the discussion of reports by scholars from other countries and had numerous contacts with them, at which time they discussed the latest developments in Soviet Sinology. Progress reports were also made on three EAS projects--the

compilation of a multivolume analytical dictionary of Chinese writers and their works, a research project entitled "Government in China--Theory and Reality" and the compilation of an index for the Tao religious canon (Soviet researchers are working on the first two projects). It was noted that this work is progressing successfully, although some stages have not been completed according to the original schedule.

In accordance with the EAS Charter, a general assembly of the association membership was held at the time of the congress. A report on EAS activity during the 2 years since the last congress and a financial report were read and approved, and a new association board was elected. In line with the charter stipulation that members of the board can not be elected for more than three consecutive 2-year terms, half of the board members (a total of 24) are new, including the president, one of the vice presidents and the general secretary.

The new president is renowned Dutch Sinologist P. van der Loon (who now works at Oxford University), the vice presidents are M. Lowe (Cambridge, England) and V. F. Sorokin, the general secretary is W. Idema (Leyden, Netherlands) and his deputy is Norwegian Sinologist E. Eide. The new board members also include V. P. Lomykin from the USSR, D. Donchev from Bulgaria, B. Talas from Hungary, F. Gruner from the GDR, R. Slawinski from Poland and M. Kubesova from the CSSR. At the first meeting of the new board, P. van der Loon stressed that he would strive to exercise the collective principle in decision making.

In an article entitled "The European Association of Sinologists," published in the CAMBRIDGE REVIEW not long before the congress, M. Lowe wrote: "The value of the association consists in the fact that it unifies the studies of important topics by small groups of researchers. Since specialization in this area is growing so quickly, the biennial congresses are particularly valuable because they give researchers an opportunity not only to consult with colleagues in the same field but also to learn about achievements in other fields." We agree with this statement and we hope that the EAS will remain active and that international cooperation in various fields of Sinology will be conducted on a broader scale.

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